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Gingrich Cool on Bid To Cut Deal For Clinton

Upcoming Election Has Become a Factor, Democrats Maintain

By Brian Knowlton
International Herald Tribune

WASHINGTON — Representative Newt Gingrich, speaker of the House, on Wednesday dismissed growing pressure from the White House for a congressional agreement with President Bill Clinton that would avoid an impeachment inquiry.

To cut short the House investigation of the Monica Lewinsky matter, the Georgia Republican said, "puts the cart before the horse."

"I don't understand how people can rush to a solution before they finish the investigation," Mr. Gingrich said. "There's an awful lot of evidence that hasn't been gathered yet. People need to allow the process to go forward in an orderly manner and not assume that they know what the final outcome will be either way."

But the White House, seemingly emboldened by signs of continued public support for Mr. Clinton after the broadcast of his taped grand jury testimony, squarely blamed Mr. Gingrich for prolonging the congressional process.

"The fact that this matter is now going to drag on and on and on endlessly has to be laid at the foot of Speaker Gingrich," said the White House spokesman, Michael McCurry.

The president has deployed aides to Capitol Hill to encourage Democrats and Republicans to coalesce around an agreement, and Mr. McCurry confirmed that Mr. Clinton had spoken to several members of Congress about a possible negotiated outcome to the eight-month-old crisis.

Other Democratic figures, including a former White House chief of staff, Leon Panetta, were continuing to explore and promote the idea of some sort of punishment for Mr. Clinton short of impeachment.

There are few deadlines dictating how the House proceeds in considering the allegations that Mr. Clinton committed perjury, obstructed justice and abused power in connection with his relationship with Ms. Lewinsky.

But one inescapable date looms on the calendar: Nov. 3, when midterm legislative elections will be held across the United States. That date appears to be infusing the rhetoric on both sides with new urgency and determination.

The House Democratic leader, Representative Richard Gephardt of Missouri, suggested that electoral considerations were motivating some Republicans to drag out the process. He called on the House to act expeditiously and conclude its responsibilities in the matter in 30 to 60 days.

"For the sake of the country and in the interests of limiting the exposure of our children to this kind of detail in an atmosphere of wall-to-wall media coverage, this needs to be dealt with with due process and justice but also deliberate speed," Mr. Gephardt said.

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Mr. Gephardt, left, Mr. Gingrich and Mr. Clinton applauding Nelson Mandela at the U.S. Capitol on Wednesday.

'Grand Coalition' for Germany?

In a Tight Campaign, Even Kohl Appears to Accept Possibility

By John Vinocur
International Herald Tribune

HAMBURG — The German election on Sunday is now so close and its outcome so uncertain that both leading parties are acknowledging a variety of possible results — even a Grand Coalition without Helmut Kohl or Gerhard Schröder as the new chancellor.

All the country's major polling organizations point to the Social Democrats (SPD) and Mr. Schröder as the leading vote-getters. But the progress of Mr. Kohl's Christian Democrats (CDU) in narrowing the gap to a few points, an undecided pool of between

20 to 30 percent of the electorate, and the uncertain performance of three smaller parties make the race one of the most wide-open in Germany's postwar history.

The campaign has gone from a situation in June where Mr. Schröder held leads in the polls of more than 10 points, and was regarded as a virtually certain winner, to one in which at least four different types of government could emerge: a re-elected right-of-center coalition of Christian Democrats and Free Democrats led by Mr. Kohl, a left grouping of Social Democrats and Greens with Mr. Schröder as chancellor, a Grand Coalition of the two major parties led by Mr.

Schröder, or the same Grand Coalition with Wolfgang Schäuble, the Christian Democratic parliamentary leader and designated successor to Mr. Kohl, as the likely new chancellor.

The Christian Democrats now contend they have succeeded in erasing the notion that voting for Mr. Kohl meant backing a loser, and that the momentum they have created in the last weeks makes the CDU the more likely choice of the undecided. One CDU candidate, who asked not be identified, said the party had indications it would win at least 35 percent of the still undecided vote in what he

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Greenspan Hints At Lower Rates

U.S. Is Sound but Hurt by Asia, He Says; Dow Posts Solid Gain

By Mitchell Martin
International Herald Tribune

NEW YORK — The economic crises in emerging markets are starting to affect the United States, Alan Greenspan, the chairman of the Federal Reserve Board, told Congress on Wednesday, indicating that the central bank was growing more amenable to a reduction in interest rates.

His testimony to the Senate Budget Committee helped send the Dow Jones industrial average more than 250 points higher, as investors were heartened by the thought that a looser policy by the Fed would bolster corporate profits and diminish the appeal of fixed-income investments. (Page 14)

In widely anticipated testimony, Mr. Greenspan told the Senate Budget Committee that there was no doubt the currency crisis that began 14 months ago in Thailand had entered a new "more virulent phase" with the collapse last month of the Russian economy.

"With few signs that the financial crisis that started in Asia last year has subsided, or is about to do so, policy-makers around the world have to be especially sensitive to the deepening signs of global distress, which can impact their own economies," Mr. Greenspan said.

He said the financial crises in other countries had started to affect the United States, or at least its securities markets.

Carol Stone, senior economist at Nomura Securities International, said the idea that the U.S. effects were likely to intensify was a sign that the central bank was moving toward a rate cut. She added, however, that Mr. Greenspan's comments did not seem to indicate the central bank would move quickly. The Federal Open Market Committee is scheduled to meet next week to decide interest-rate policy.

Mr. Greenspan said that if the committee did decide to cut rates, it would be because such a move was required for

The Dollar			
New York	Wednesday 9:41 A.M.	previous close	
DM	1.6781	1.6814	
Yen	135.635	135.395	
FF	5.629	5.6455	
Pound	1.6849	1.6845	
Dollars per pound			
The Dow			
Wednesday close	percent change		
+257.21	8,154.41	+3.28%	
S&P 500			
+38.46	1,068.09	+3.54%	
Nasdaq			
+62.47	1,760.27	+3.68%	

the health of the American economy, not as a direct response to events overseas.

"Even though we at the FOMC find the events in the rest of the world to be of crucial importance to us, it is because they are important to the U.S. economy that we are evaluating them at such level of detail," the central banker said.

The Federal Reserve's monetary policy "will be related to what is going on in our economy in our country," he added.

Last summer, economies across Asia began to crumble as investors feared they had poured too much money into the economies of Southeast Asia, which had been expanding rapidly for most of the decade.

When the flood of foreign capital dried up, owners of unprofitable projects in the affected countries were unable to pay their debts, setting off a chain of bankruptcies that further reduced the availability of foreign investment.

"The most recent more virulent phase of the crisis has infected our markets as well," Mr. Greenspan said Wednesday. "Concerns about business profits and a general pulling back from risk-taking in the midst of great uncertainty around the globe have driven down stock prices and pushed up rates on the bonds of lower-rated borrowers."

But the central bank chairman, as he often does, qualified his statement, saying there was "little evidence to date" that "foreign problems or the tightening in financial conditions in domestic markets have produced any significant underlying weakness in the American economy as a whole."

Still, he continued, "the restraining effects of recent developments on the U.S. economy are likely to intensify." Disappointing corporate profits in some industries, notably manufacturing, suggests "some stretching out of capital investment plans in the months ahead."

When companies slow their expansion plans, they reduce hiring and purchasing of new equipment, exerting downward pressure on economic growth. Mr. Greenspan noted that falling stock prices and rising financing costs for low-rated borrowers could depress spending by households and businesses.

In July, Mr. Greenspan told the Senate Banking Committee that inflation was a

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'Everything Is Over,' as Philippine Airlines Shuts Down

Owner and Union Can't Agree on Saving Carrier

By Don Kirk
International Herald Tribune

Philippine Airlines, the oldest carrier in Asia, went out of business at midnight Wednesday after 11th-hour talks mediated by the government failed to resolve differences between the Philippines' richest man and its toughest labor union.

Still brandishing its slogan, "Asia's sunniest airline," Philippine Airlines Inc. flew its final outbound flight into the sunset over Manila Bay in a farewell to a nation it had first served more than a half-century ago, before the Japanese conquest of the Philippines at the outset of World War II.

As the midnight deadline in the negotiations to save the airline approached, the enormity of the consequences of ending a service that

seemed essential to binding the Philippines' 8,000 islands and scores of linguistic and cultural groupings began to grip the nation. Television networks broadcast live reports from Ninoy Aquino Airport, serving Manila, and officials talked of "emergency" plans to hold the country together.

The impression was that nothing could adequately replace the airline that flew, with tremendous financial losses, not merely to other major destinations but to dozens of provincial capitals that now would have to rely on slow-moving ferry boats as their only links to the rest of the country.

President Joseph Estrada admitted failure in his efforts to bring Lucio Tan, the self-made billionaire who controlled the carrier, to terms with leaders of the

See AIRLINE, Page 7



A janitor mopping up Wednesday as the flag carrier neared shutdown.

Lewinsky Case's Low Point

First Starr Confrontation Was Harsh, Critics Say

By Michael Grunwald
Washington Post Service

WASHINGTON — The first time Monica Lewinsky met with Kenneth Starr's team of investigators, on Jan. 16, she told them she would like some bottled water.

They gave her some. She said she wanted them to turn off the air-conditioning. They did. She said she would like some aspirin. Again, no problem.

She said she wanted to go to the rest room. They let her go, of course. She even said she wanted to go shopping while she was waiting for her mother to come from New York. So Michael Ennick of the Starr team escorted her around Pentagon City Mall.

But there was something else that Ms. Lewinsky said she wanted, on that day in January, after FBI agents surprised her on her way to lunch with Linda

Tripp, her White House and Pentagon co-worker, and whisked her to the Ritz-Carlton Hotel to talk about cooperating in an investigation of President Bill Clinton.

She said she wanted to call her lawyer, Francis Carter. On that request Mr. Starr's office was not so accommodating.

With the release of Ms. Lewinsky's emotional grand jury testimony as well as Mr. Starr's records of the 12-hour meeting at the hotel, the independent counsel's critics are pointing to the meeting as a stark example at least of overzealousness, if not actual misconduct.

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AGENDA

U.S.-Bound Hurricane Kills 10 in Haiti

A hurricane killed at least 10 people Wednesday as it swept across Haiti on a northwestern course toward South Florida.

South Florida was under a hurricane watch, with 100,000 people ordered to leave the Florida Keys, while warnings were declared in Cuba from Sancti Spiritus Province eastward and in the central and southern Bahamas.

The storm, designated George, caught the capital of the Dominican Republic, Santo Domingo, on the south coast, almost entirely unprepared Tuesday. It caused the deaths of at least 12 people and set off looting and street violence. Page 2.

Sosa Reaches No. 65

Sammy Sosa hit home runs No. 64 and No. 65 on Wednesday to tie Mark McGwire for the major-league baseball record.

The Chicago Cubs' slugger snapped an 0-for-21 slump with a bases-empty shot to right field with one out in the fifth against the Brewers in Milwaukee. Sosa had not gotten a hit and had struck out eight times since hitting No. 63, a grand slam, on Sept. 16 in San Diego. (Page 26)

Malaysia Police Question Wife of Jailed Dissident

By Thomas Fuller
International Herald Tribune

KUALA LUMPUR — Malaysian police Wednesday questioned the wife of the ousted deputy prime minister and tightened restrictions on the country's month-old opposition movement, banning further political rallies.

Azizah Ismail, wife of Anwar Ibrahim, now under arrest, was asked about statements she made this week, including comments on a regional television network in which she raised the possibility that Mr. Anwar would be injected with the HIV virus. Police said the comment was seditious.

Miss Azizah announced earlier in the

week — after her husband's arrest on Sunday — that she would lead the opposition movement that Mr. Anwar started after being dismissed as deputy prime minister and finance minister on Sept. 2.

But with a heavy police presence around her house and the ban on rallies, the prospects of a continuing challenge to the 17-year rule of Prime Minister Mahathir bin Mohamad seem dim.

Outside a courthouse where Miss Azizah made a brief appearance Wednesday, a man who shouted "reformasi!" (reform) as she walked past was handcuffed and hauled away by plainclothes policemen.

In Kuala Lumpur on Wednesday, the streets of the city were calm, a contrast to Sunday, when Mr. Anwar led the largest demonstration in the city's history. Those protests were followed by clashes with police on Monday and the arrest of Mr. Anwar's closest political allies.

So far, more than 130 people have been arrested for disturbances related to Mr. Anwar. Two of his aides were ordered released by the courts this week, despite police applications to extend their detention. Mohamad Ahmad, released Wednesday, and Azmin Ali, released Tuesday, were private secretaries to Mr. Anwar.

For two weeks before his imprisonment, Mr. Anwar, 51, had toured the country speaking to large crowds about the need for reform with little police interference.

With the announcement Wednesday,

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See MALAYSIA, Page 7

In Siberia, Lebed Attempts to Make Inflation Illegal

By Michael R. Gordon
New York Times Service

KRASNOYARSK, Russia — With the stoicism that typifies the hardy inhabitants of this Siberian territory, Nina Popova thought she could ride out the economic storm.

But last week, tax inspectors barged into her small food shop. After poring through her ledgers, they warned that she had violated Governor Alexander Lebed's new "anti-crisis" decree. "They said we can only charge 10 percent more than we pay for the food," she said. "But we have to pay for electricity and heat. We have to pay for security, and we have to pay salaries. If they force this decree on us we simply won't survive."

Russia's financial crisis has not only rocked Moscow's political establishment. It has also stirred many of Russia's far-flung regions to set their own economic course and establish price controls.

Mr. Lebed, a former general, a future presidential hopeful and the new governor of this vast Siberian region, has led the charge.

Angry at the soaring prices that have stunned Russians, the powerful governor has not just declared war on inflation. He has tried to make it illegal. He is hardly alone. From the city of Novgorod, northwest of Moscow, to the Siberian territory of Yakutia, the authorities are taking a page out of the socialist playbook and intervening to set prices.

Restrictions and regions with no controls at all.

The populist decrees have brought a measure of comfort to consumers shocked by sharp jumps in prices for food and medicine.

"We may infringe on the rights of people but it is in their interest," Mr. Lebed said in an interview. "The strict measures have played their role and soon will be abolished."

But the stop-gap controls also contain the seeds of new problems. Stores and factories complain they are being denied the profit they need to weather Russia's raging economic storm. Shortages have emerged, as producers ship their goods to places where prices are unres-

Newstand Prices	
Bahian.....1,000 BD	Malta.....55 c
Cyprus.....C £ 1.00	Nigeria.....1250 CFA
Denmark.....14.00 DKr	Oman.....1250 CFA
Finland.....12.00 FM	Qatar.....JR £ 1.00
Gibraltar.....£ 0.85	Rep. Island.....10 SR
Great Britain.....£ 0.90	S. Africa.....R12 + VAT
India.....1250 ID	U.A.E.....10.00 Dh
Jordan.....K SH. 180	U.S. NA (Excl.).....\$ 1.20
Kuwait.....700 Fls	Zimbabwe.....Zm\$40.00



Anti-Rabies Law / 6 Months in Solitary Confinement

British Pet Owners Pick Exile Over Quarantine

By Sarah Lyall
New York Times Service

FUENGIROLA, Spain — Like many of the British expatriates scattered around southern Spain, Cecilia Riber and her husband moved to this coastal town when they retired, drawn in its warm climate and relaxed way of life. But Riber died six years ago, and now, after 15 years away from home, Mrs. Riber is ready to go back.

"Basically, my family is starting to worry that I'm on my own here, and I'm not getting any younger," she said.

But as eager as she is to return to England, Mrs. Riber, 68, is one of a number of displaced Britons here and around Western Europe who are caught in a strange sort of limbo, one that has forced them to weigh love of country against love of animals.

Under the 77-year-old British rabies law, if Mrs. Riber took her mixed-breed hound, Scruffy, back to England with her, he would be required to spend six months in solitary confinement in one of the 80 or so kennels licensed by the British government.

He would not be allowed to play with other dogs. He would not be allowed to go for walks. And Mrs. Riber says, she just will not do it to him.

"I know I can't go back to England because he wouldn't be able to survive in a kennel for six months," Mrs. Riber said of Scruffy, who is no younger himself, nearing 13 and suffering from an enlarged heart that has left him short of breath and slow on his feet. "He's very important to me, particularly as I'm on my own now. And that's why I'm staying here. I won't leave him. I can't leave him."

There are people like Mrs. Riber all over southern Spain, in France, in the Netherlands, in Switzerland. The painter David Hockney and the actor Rupert Everett, who are both British and live abroad, have refused to move back to England because of the rabies law.

Probably the most famous anti-quarantine campaigner is Christopher Patten, the last British governor in Hong Kong, who moved back to London last year but left his beloved Norfolk terriers, Whisky and Soda, with dog-loving friends in France.

The quarantine law, which applies to all domestic mammals, dates from a time when rabies was a serious problem. But now, with the disease eradicated in some parts of the world or kept at bay by vaccinations in others, anti-quarantine campaigners say it is time for Britain to scrap its law. They are bitterly opposed by the country's \$14.5 million-a-year quarantine kennel industry, which argues that it would be foolish to change a law that has been so apparently successful (and so lucrative).

There are signs that years of anti-quarantine agitation, from people both within and outside Britain, are finally, slowly paying off.

But even if the government accepts the need for change, it will probably

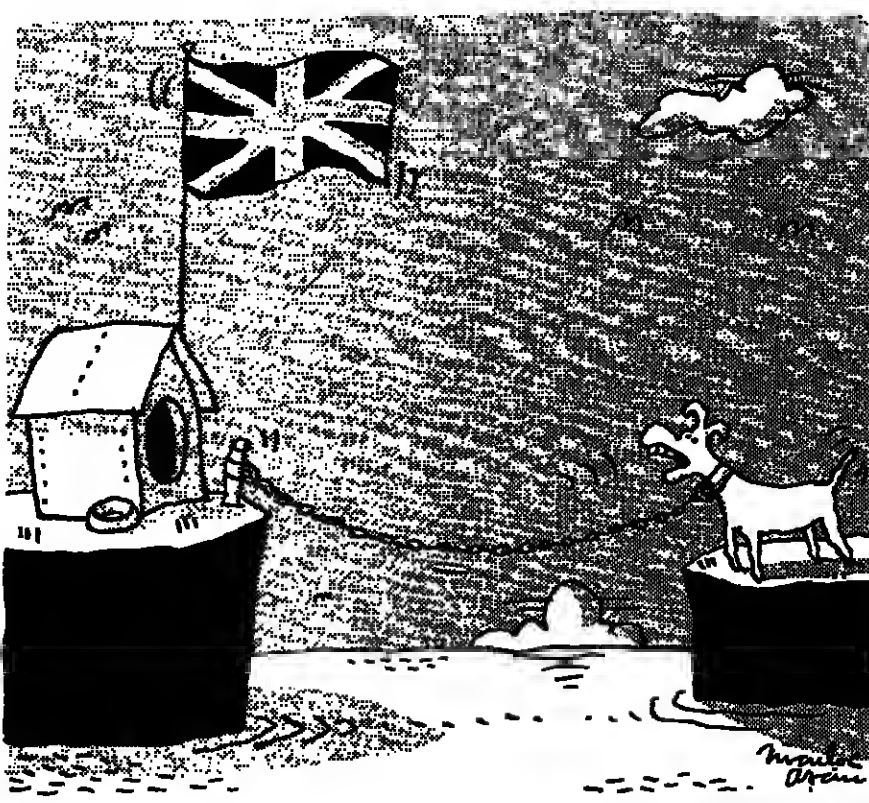


Illustration by Michael Ondaatje

U.K. Plans to Limit Isolation With 'Passport' Chip Implants

LONDON — The British government unveiled plans Wednesday to relax its quarantine law, which has been condemned as cruel for requiring all pets entering the country to spend six months in isolation.

The junior agriculture minister, Nick Brown, said the government remained determined to keep the rabies virus out of Britain. But it was proposing a high-tech "pet passport" program, which would allow pets entering Britain from Western Europe and other low-risk regions, such as New Zealand and Australia, to avoid quarantine.

The proposals are contained in a report published by an independent task force that sought a way to ease the strict quarantine laws without putting the country at risk from rabies.

Mr. Brown said in a BBC radio interview that the government would consult experts and animal rights groups before amending the quarantine law.

Under the proposed program, a microchip would be inserted under the skin of each pet so it could be identified by an electronic scanner at ports and airports to ensure it had received an anti-rabies vaccination.

Animals would also have to be deloused, and owners would have to produce certificates to prove the pet had been checked by a veterinarian on more than 24 hours before entering Britain.

"The government's priority is to make sure that our country remains rabies-free," Mr. Brown said. "Protection of the public comes first."

But he added: "The instance of rabies in pets in Western Europe is virtually nonexistent."

An Agriculture Ministry spokesman said that although the consultation should end by the end of the year, the new measures will take at least three years to introduce because of the need for legislation and a lengthy implementation period.

Quarantine will be maintained for animals coming from higher-risk areas, notably Eastern Europe, the United States, South America, Africa and parts of Asia.

The quarantine rule has come under increasing pressure from animal-lovers who say rabies-control techniques have made quarantine needless. About 100 animals die each year in quarantine kennels, according to animal rights groups.

The passport system is also expected to be cheaper, costing about £300 to £400 (\$500 to \$670), compared with at least £1,500 to keep a dog in solitary confinement for six months.

The Royal Society for the Protection of Animals backed the proposals, with a spokesman saying they would be "more effective and more humane than the current quarantine system."

But the president of the British Veterinary Association, Ted Chandler, said they might not keep rabies out.

"If it works the same as our passports," he said, "it's going to be pretty flexible."

Just flashing a document in a long queue of people coming into the country is no check at all," he told BBC Radio.

be at least a year before anything actually happens, said a spokesman for the Ministry of Agriculture, Fisheries and Food, which administers the law. Until then, people like Mrs. Riber are simply waiting.

"My life is on hold," said Mrs. Riber, who sold her house and rented a temporary apartment recently. "I'm leaving the minute the regulation is changed."

Up in the hill town of Alhaurin el Grande, Elizabeth Collins put it a different way. "I'll wait until he dies," she said, speaking of her dog, Sam, "or I guess, until the law changes."

Sam, a mixed-breed dog with a strong suggestion of German shepherd, is ill and probably does not have much more than a year to live anyway, said Mrs. Collins, whose husband died recently and who wants to go home to England. "My daughter thinks I'm being sentimental, that a dog's a dog and I should just have him put down."

"But I say: 'Sam's my friend. I wouldn't do that to him.'"

In desperation, more and more people are turning to smuggling to skirt the quarantine law. Some conceal their pets in bags or boxes and sneak them through the Channel Tunnel. Others pay professional smugglers upward of several thousand dollars to bring the animals in by boat or truck.

"It's surprisingly easy," said Peter Harrison, a British writer and kennel operator here in Spain. By way of testing the system, he recently flew to London carrying a box stamped "Live Animals," which he occasionally opened and put in food. No one stopped him.

While up to 10,000 dogs and cats are smuggled into Britain each year, according to one estimate, many people are reluctant to use the method.

John Nicholson said he would be afraid for the safety of Bella, his Staffordshire bull terrier. He loves Bella so much that when he and his wife had a baby "the opinion was that if Bella didn't get on with the baby, then the baby was going."

"You don't know what kind of trauma she could go through," said Mr. Nicholson, who runs a laundry business in a tourist enclave in El Faro. "They can take them and just drop them in a hole somewhere."

Marie Dixon, a Briton who runs a poolside bar with her husband, Bill, in the coastal town of Benalmadena, said of Major, her 14-year-old retriever: "Let's put it this way — I'd be in a mental institution if anything happened to him."

The Dixons have vowed never to put Major back in quarantine after a traumatic stay a decade ago when he came out emaciated and depressed, his spirit snuffed by the experience.

So they remain in Spain, their dog having won out over their home country. "Look at it from his point of view," Mrs. Dixon said. "Six months of a dog's life is a long time. You're putting him in prison for three and a half years, in his terms, and he's doing nothing."

Hurricane Lashes Haiti
On Its March Toward U.S.

100,000 in Florida Keys Told to Flee to Mainland

PORT-AU-PRINCE, Haiti — The violent winds and rains of the hurricane designated Georges struck Haiti on Wednesday, unleashing flash floods and killing at least 10 people in the impoverished Caribbean country.

As Georges marched relentlessly to the northwest, a hurricane watch was posted for South Florida. As many as 100,000 people in the Florida Keys were being ordered to leave for the mainland.

The hurricane's unofficial death toll was 37, including 12 in the Dominican Republic, where Georges set off looting and street violence. Two of the dead were looters shot by the police.

Radio Metropole in Haiti reported that nine people were killed when floodwaters collapsed two homes in a Port-au-Prince neighborhood. A 10th death was reported in the coastal town of Gonaïves.

Elsewhere, battering ocean waves swamped the seaside boulevard in the northern Haitian city of Cap-Haitien, and tin roofs flew off homes.

The Haitian government had been able to muster only \$130,000 for emergency assistance, said a civil defense spokeswoman, Yoline Stenard.

Mountain erosion and a lack of maintenance have left drainage systems in Haitian cities choked with silt and unable to alleviate flash floods, said Renan Jean-Louis, a meteorologist.

Ernst Wilson, an environmentalist in Haiti, said Wednesday: "Foundations give way every time the rain falls. The environment is deteriorating ceaselessly because there is no government enforcement of zoning regulations."

In November 1994, the tropical storm designated Gordon killed at least 1,000 in Haiti's southern provinces, drowning them in torrential streams or burying them in mudslides.

Warnings were declared in Cuba from Sancti Spiritus province eastward and in the central and southern Bahamas. President Fidel Castro put his ministers on alert.

"No one will be forgotten in this new battle by the Cuban people," Mexico's official Notimex news agency quoted Mr. Castro as saying. "We are a nation that has overcome adversity with unity."

Georges caught the capital of the Dominican Republic, Santo Domingo, on the south coast, almost entirely unprepared Tuesday. Forecasters had expected the storm to hit the northern Dominican coast. In Santo Domingo, looters waded waist-deep in water, balancing televisions and air-conditioners



A Miami resident stocking up Wednesday as the hurricane neared.

on their heads even as winds of 110 miles an hour (175 kilometers an hour) toppled trees and crushed houses. Bands of youths with machetes and pistols roamed the streets.

Authorities said 80 percent of the roads in Santo Domingo were impassable because of downed trees and power lines and widespread flooding.

In Florida, the hurricane watch included Monroe, Miami Dade, Broward and Collier counties.

The evacuation began in the lower Florida Keys at 7 A.M. and was to move up the island chain in phases. A single highway connects the 110-mile ribbon of islands, and officials were worried about gridlock as people tried to leave.

"They want to move people who are the farthest away first," said Barbara Dornan, of Florida's state emergency management office.

The hurricane was on a trajectory that could send it crashing into the Keys by late Thursday or early Friday.

Georges' winds dropped from 110 miles an hour Tuesday to 75 miles an hour Wednesday as it moved across the island of Hispaniola, but were expected to strengthen over open water.

In Puerto Rico, where damages are expected to amount to hundreds of millions of dollars, residents began the task of recovery.

"After the storm is always the worst," said Paula Aponte Figueroa, 71, as she swatted at mosquitoes, the roof of her house tipped off by the winds. "You've got flooding, you've got mosquitoes and I have nowhere to go."

49 Killed in Heavy Fighting
In Lesotho's Lawless Capital

MASERU, Lesotho — Botswana soldiers and the Lesotho police battled on Wednesday to control bands of looters in the burned and lawless capital of Lesotho after heavy fighting overnight left a total of 49 fighters from both sides dead.

Shots from small arms and rifles crackled through the streets all morning as looters played cat-and-mouse with the police and soldiers.

Rioters burned and wrecked shops and offices, and garbage was strewn across the streets in the city center.

Foreign Minister Tom Thabane said in an interview that the destruction wrought by opposition party supporters after seven weeks of anti-government protests would delay peace talks.

"They have burned the city," he said. "They have burned people's houses. The way to go now is to look at their criminality."

"I don't see how we can sit at a table with those criminals."

South Africa and Botswana sent troops and equipment into Lesotho on Tuesday in response to an appeal for help from Prime Minister Pakalitha

Mosisili, who said his government had lost control of the army.

But the operation backfired, turning a simmering conflict with five casualties over seven weeks into an urban war between supporters of the Maseru government and soldiers and political parties demanding its resignation.

The opposition accuses Mr. Mosisili's ruling party of rigging the May general election to win 79 out of 80 seats.

On Wednesday, South Africa added columns of armored trucks mounting heavy cannon and mortars to the 600-man force that went into Lesotho on Tuesday and promised to intensify the battle against Lesotho Defense Force mutineers.

The South African National Defense Force said in a statement in Pretoria that nine of its men had been killed and estimated losses among the Lesotho Defense Force dissidents at about 40 by early Wednesday.

The South African forces said they had gained control of two military bases, the grounds of King Letseie III palace, the city center and the Katsi Dam construction project.

Louis Martini, a California Winemaker, Dies at 79

By Frank J. Priol
New York Times Service

NEW YORK — Louis P. Martini, 79, a leading figure in the California wine business and chairman of the Louis M. Martini Winery in Napa Valley, died Monday at his home in St. Helena, California. The cause of death was cancer, his family said.

The Martini family has been involved in the California wine industry for more than 70 years. Mr. Martini's father, Louis M. Martini, founded the family

winery as the L. M. Martini Grape Products Co. in 1922 in Kingsburg, near Fresno. The elder Martini, who never thought of prohibition as anything more than a temporary aberration, began planning the expansion of his business while other wine companies were closing.

In 1933, he moved to the Napa Valley and changed the company's name to the Louis M. Martini Winery.

Louis Peter Martini was born in Livemore and grew up in Kingsburg, working in the winery and in the vineyards as a boy. He graduated from the

University of California at Berkeley in 1941 and spent four years in the Army Air Forces during World War II. He joined the winery as vice president in 1946 and became the winemaker in 1954; wines he made in the 1950s and 1960s are still prized by collectors.

Mr. Martini worked in the shadow of his flamboyant father until the elder Martini's death in 1974. While he was a major producer of fine wine and an important behind-the-scenes industry leader, Mr. Martini avoided the well-publicized social side of Napa Valley

life and his winery rarely appeared in trendy articles about the wine business.

But his achievements were numerous. In the '50s and '60s, he helped improve grape quality by identifying and propagating superior grape clones.

He developed vineyards in the Cameros district of the valley when it was considered useful only for grazing sheep and he is credited with making the first Cameros varietal pinot noir in 1952.

Today, many of the best California pinot noirs come from Cameros.

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TRAVEL UPDATE

Olympic to Fly
Despite Strike

ATHENS (AP) — All Olympic Airways flights will take place as scheduled despite a planned four-day strike by civil aviation employees, the state-run national carrier announced Wednesday.

Olympic said its own employees and ground crews would replace strikers during the strike, set to start Thursday. But hundreds of regularly scheduled flights to and from Greece by foreign carriers and charter companies will still be affected.

More See Cyprus

NICOSIA (Reuters) — Tourist arrivals to Cyprus rose sharply by 12.5 percent for the year ending in July, officials said Wednesday. Arrivals rose to 309,983 compared with 275,535 in July 1997. Some 44.6 percent of tourists were from Britain, followed by 10.6 percent from Russia, and 6.2 percent from Germany. Women represented 55.7 percent of arrivals.

WEATHER

Europe				Forecast for Friday through Sunday, as provided by AccuWeather.				Asia			
City	Today	High	Low	City	Today	High	Low	City	Today	High	Low
Algeria	21/10	14/5	10/3	Amman	20/10	12/4	8/2	Almaty	24/10	12/3	8/0
Ankara	20/10	14/5	10/3	Antwerp	20/10	12/4	8/2	Bangkok	28/10	24/10	20/10
Athens	20/10	14/5	10/3	Arcata	20/10	12/4	8/2	Beijing	28/10	24/10	20/10
Bahia	20/10	14/5	10/3	Batavia	20/10	12/4	8/2	Bombay	28/10	24/10	20/10
Bangkok	28/10	24/10	20/10	Bombay	28/10	24/10	20/10	Calcutta	28/10	24/10	20/10
Buenos Aires	20/10	14/5	10/3	Chengdu	20/10	12/4	8/2	Chongqing	28/10	24/10	20/10
Calcutta	28/10	24/10	20/10	Chongqing	28/10	24/10	20/10	Colombo	28/10	24/10	20/10
Chengdu	20/10	12/4	8/2	Colombo	28/10	24/10	20/10	Delhi	28/10	24/10	20/10
Chongqing	28/10	24/10	20/10	Delhi	28/10	24/10	20/10	Dhaka	28/10	24/10	20/10
Colombo	28/10	24/10	20/10	Dhaka	28/10	24/10	20/10	Hankow	28/10	24/10	20/10
Cairo	28/10	24/10	20/10	Hankow	28/10	24/10	20/10	Hong Kong	28/10	24/10	20/10
Canton	28/10	24/10	20/10	Hong Kong	28/10	24/10	20/10	Kobe	28/10	24/10	20/10
Chongqing	28/10	24/10	20/10	Kobe	28/10	24/10	20/10	Manila	28/10	24/10	20/10
Chongqing	28/10	24/10	20/10	Manila	28/10	24/10	20/10	Osaka	28/10	24/10	20/10
Canton	28/10	24/10	20/10	Osaka	28/10	24/10	20/10	Shanghai	28/10	24/10	20/10
Chongqing	28/10	24/10	20/10	Shanghai	28/10	24/10	20/10	Singapore	28/10	24/10	20/10
Canton	28/10	24/10	20/10	Singapore	28/10	24/10	20/10	Taipei	28/10	24/10	20/10
Chongqing	28/10	24/10	20/10	Taipei	28/10	24/10	20/10	Tokyo	28/10	24/10	20/10
Canton	28/10	24/10	20/10	Tokyo	28/10	24/10	20/10	Yokohama	28/10	24/10	20/10
Chongqing	28/10	24/10	20/10	Yokohama	28/10	24/10	20/10				

THE AMERICAS

Some Find It Nutty In Peanut Gallery

Lunch Hysteria Spooks Schools

By Anemona Hartocollis
New York Times Service

NEW YORK — As any American parent can testify, there is probably no surer staple of childhood than peanut butter, a pure product of America, consumed at an annual rate of 3 pounds (1.4 kilograms) per person.

Now peanut butter is under attack at the schoolhouse door. Cheap, nutritious, popular and traditional, it has nonetheless taken its place on the list of substances — like asbestos and lead — that send shivers down the spines of school administrators.

Prodded by parents warning of lethal allergies, by the contentions of some researchers that peanut allergies are on the rise and, not least, by a fear of litigation, growing numbers of public and private schools across the United States have banned peanut butter from their cafeterias. Others have declared peanut-free zones or set up committees to figure out what to do.

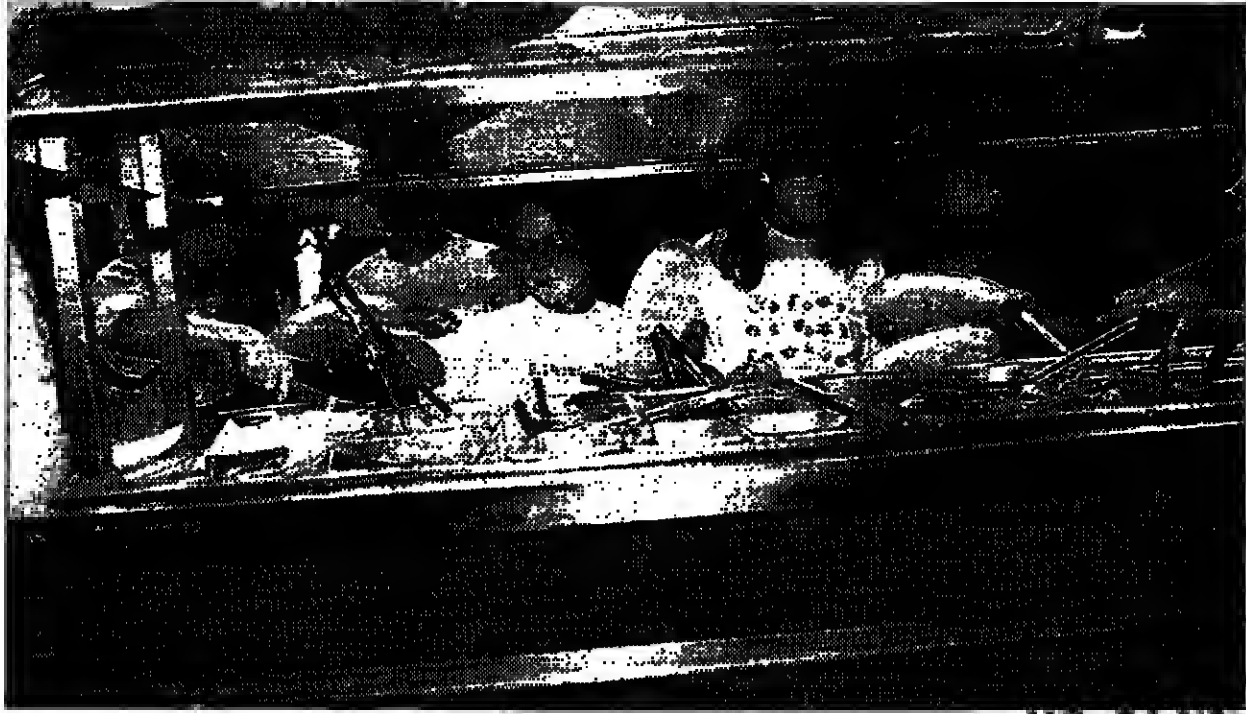
School officials find themselves balancing the rare risk

of death against the danger of being swept up in a faddish hysteria and of trying to anticipate potential legal repercussions of the 1990 Americans with Disabilities Act.

Even those who wonder if the bans have gone too far fear that if they do not act aggressively, they may face liability lawsuits and accusations of discrimination against children disabled by a peanut allergy.

The campaign to ban peanut butter is happening in scattered places where an assertive parent or two — supported by the Food Allergy Network, an advocacy group — has raised the alarm in schools, contending that peanut allergies are a disability that schools must accommodate under the disabilities law.

The Centers for Disease Control report only 88 deaths among all Americans from allergies to food, including peanuts, between 1979 and the end of 1995. But allergists supported by the food allergies network contend that fatalities are underreported, and that 0.5 percent to 1 percent of all



Students in the lunchroom at Trevor Day School, a private school in New York where peanut butter was banned last year for the lower grades, examining the day's menu choices on a sandwich bar.

Americans suffer from peanut allergies. The network estimates that every year 125 people die from food allergies, the majority from peanuts.

While network officials say they are not forcing schools to take any particular action, the schools say that anything less than a total ban seems inadequate to satisfy the critics.

In its milder form, a peanut

allergy can cause itching, swelling, hives, wheezing, coughing, vomiting and diarrhea, doctors say.

The New York City public school system, America's largest with more than a million children, has remained immune to the peanut phenomenon — largely because no one has complained.

But while peanut butter has

been slow to become an issue at New York City public schools, the city's private schools have fallen in line like so many dominoes.

Mark Brossman, a lawyer who represents many New York City private schools, said schools are concerned that peanut allergies might qualify as a disability that must be accommodated under

the Americans with Disabilities Act. Neither Mr. Brossman nor the Food Allergy Network knew of any litigation on peanut allergy that has resulted in a court decision.

But a recent directive by the U.S. Department of Transportation construed peanut allergies as a disability and ordered airlines to set up peanut-free zones. That decision may set a precedent for schools, advocates say.

Beyond bans, schools are wrestling with questions like whether to provide individualized supplies — say, blocks and sets of wooden rods for solving math problems — to children with severe peanut allergies so they will not be contaminated by the peanut-smear hands of classmates.

Concerned that a child who has just eaten peanut butter might hold hands with an allergic child, schools now encourage children to become compulsive hand-washers.

Compared with other causes of death or illness, the damage from peanut allergies is tiny. In 1995, according to the Centers for Disease Control, 2,880 children died in car accidents and 2,944 in other accidents. Some 200,000 children were hospitalized with asthma-related illnesses, according to the Department of Health and Human Services.

Brian Knowlton

AMERICAN TOPICS

Conservationists Boil Over Soup

The shark has never had a large circle of friends, but the killing of thousands of blue sharks in the Pacific for their fins has angered conservationists, who see it as a waste at best and an unnecessary slaughter at worst.

In Hawaii, shark fins worth \$30 million are sold each year.

Fishermen, who generally catch the creatures while after tuna or swordfish, sell the fins at dockside to men offering cash. Shipped to Asia, for use in the ancient delicacy of shark-fin soup, a pound of dried fin brings up to \$250.

With little market for shark meat, skin or cartilage, fishermen often just cut off the fins, then throw the shark overboard, sometimes still alive.

Shark finning is banned off the U.S. Atlantic Coast, where sharks have been overfished, but it is still legal in the Pacific. The National Marine

Fisheries Service is working to quantify the industry and assess shark populations. It also is seeking new markets for shark products, The Associated Press reports.

But in the face of the huge Asian market, it will not be easy to curb the sales for soup. From 1991 to 1996, the price of fins doubled, and the shark catch reported at Hawaiian docks jumped 22-fold.

Short Takes

A federal judge in Seattle has cleared the way for an Indian tribe to resume whaling off the coast of Washington state.

The Makah tribe plans to begin its first hunt Oct. 1, during the fall migration of gray whales from Alaska to Southern California. The tribe is allowed five whales a year.

Animal rights groups, coastal tour-boat operators, kayakers and a U.S. congressman, Representative Jack Metcalf, Republican of Washington, had challenged the plan in court.

The number of caesarean births performed by several hospitals in the Boston area has been significantly lowered, using a simple approach: When a woman arrives in labor, they send her

back home to wait — unless contractions are strong and the womb is opening.

Hospitals and obstetricians had recognized that the rates of caesarean deliveries had soared in the United States, from 5 percent in the 1970s to 25 percent in the 1990s. Part of that reflected a trend to overhospitalization. The Boston Globe reports.

Researchers found that when a woman arrived in early labor, there was a tendency to "do something" — often meaning a caesarean. But by sending home women who are in the early stages, the Massachusetts hospitals have lowered their caesarean rate from 26 percent to 20 percent, with no decline in healthy deliveries.

This will not leave anyone feeling sorry for Bill Gates, the world's richest man, but it turns out that as a share of the U.S. economy, his \$62 billion fortune, based on Microsoft, pales next to the historic wealth of John D. Rockefeller, Andrew Carnegie, Cornelius Vanderbilt and John Jacob Astor. American Heritage magazine reports that, adjusting for the growth of the U.S. economy, Mr. Rockefeller's wealth would be worth \$190 billion today.

POLITICAL NOTES

Minimum-Wage Raise Dies

WASHINGTON — Senate Republicans have killed any chance of increasing the minimum wage this year, voting down a bill they said would hurt small businesses because it would extract too much too soon after the wage increase of 1996.

They also said that Senator Edward Kennedy, Democrat of Massachusetts, the measure's sponsor, was using the vote as a political trap to force them on the record against a wage increase in an election year. Mr. Kennedy ceded the point. "It is a defining issue," he said after the vote. "It ought to be an election issue."

The bill would have raised the minimum wage by 50 cents in January and another 50 cents the following year, taking it to \$6.15 an hour from \$5.15 over two years.

Republicans expect any fallout from this vote to be blunted in the next couple of weeks by their passage of a tax cut. (NYT)

22.5 Million See Clinton Tape

WASHINGTON — About 22.5 million people watched the videotape of President Bill Clinton's Aug. 17 grand jury testimony when it was broadcast Monday on the three major broadcast networks and three all-cable networks, according to Nielsen Media Research.

Nielsen estimated that for the hours from 9 A.M., when most networks began their coverage, to 2 P.M., when the broadcasters returned to normal soap operas, the sum of the average household rating for all six networks was 18.8, which translates into 18.6 million homes.

Excluding the cable networks, the daytime television average last season was an 11.3 rating (about 11.1 million homes) for the hours from 11 A.M. to 4 P.M. CBS had an average rating for those hours of 5.2, while NBC averaged a 4.5 rating and ABC a 3.3 rating. Each rating point represents 994,000 homes. (NYT)

Quote/Unquote

Alan Simpson, the retired Republican senator from Wyoming, on Mr. Clinton's videotape performance: "That's his life. His life is bounding from precipice to precipice like a huge mountain goat, bridging crevasse after crevasse and people shooting at him with high-powered rifles and the other side crumbling as he lands, just like in the movies. What's interesting to me is did anybody believe that this man would testify for four hours and not do well, when it was his decision to do it?" (NYT)

Away From Politics

• The FBI's crime lab in Washington, criticized recently for shoddy work, gained accreditation by the American Society of Crime Laboratory Directors. It means the lab meets the requirements for procedures and accuracy for a variety of crime-related tests. (AP)

• Fewer Americans are dying each year from heart disease, but the number of people suffering first heart attacks has held steady or even increased since 1987 because treatment is outstripping prevention. A study found deaths fell 28 percent among men and 31 percent among women from 1987 to 1994. (AP)

BMW drivers are also fond of stars – four stars, the top rating for the BMW 5 Series in the Euro NCAP Safety Test for Passenger Protection.*

*Frontal offset crash at 40 mph, side collision at 30 mph.

Tests conducted under the European New Cars Assessment Program (Euro NCAP) give car drivers all over Europe the chance to make objective comparisons. Once again, the BMW 5 Series was safely out in front.



Freude am Fahren

THE AMERICAS

Mandela Brings Clinton a Strong Message of Support From Africa

By James Bennet
New York Times Service

WASHINGTON — Nelson Mandela, the president of South Africa and among the world's foremost moral authorities, has given President Bill Clinton the kind of emotional endorsement that he has been getting these days from members of his own party.

At a White House reception Tuesday, Mr. Mandela said that the domestic debates of the United States were not his business but that his personal code did not allow him to desert a friend. He said South Africa, Africa and the entire world supported Mr. Clinton.

"We do wish to say that President Clinton is a friend of South Africa and Africa," he said, "and, I believe, the friend of the great mass of black people, and the minorities and the disabled of the United States."

Saying that "we are thinking of you in this difficult and discouraging time in your life," Mr. Mandela recalled receiving a telephone call two

days ago from Frederick Chiluba, the president of Zambia.

"He said, 'Mandela, I want you to support President Clinton,'" Mr. Mandela said. "He was not speaking for himself, and he said so. He said, 'I am speaking for the continent of Africa.'"

Mr. Clinton, clearly moved, smiled during Mr. Mandela's remarks, and appeared at one point to wipe away a tear.

Mr. Mandela was repeatedly interrupted with applause from an audience of black religious leaders, presidents of historically black colleges and members of the Congressional Black Caucus. Black Americans have been among the president's most loyal supporters since he acknowledged an inappropriate relationship with Monica Lewinsky.

By the time Mr. Mandela again said he would not "interfere in the domestic affairs of this country," his audience was laughing, convinced that he was doing just that. Mr. Mandela described the standing ovation that Mr. Clinton

received on Monday from the United Nations General Assembly. "If you judge from the reaction" of the delegates, he said, "the United States is completely isolated on this question."

But Mr. Mandela seemed to entertain the possibility that Mr. Clinton's presidency might outlive this scandal. "If our expectations, if our fondest prayers and dreams, are not realized," he said, "then we should all bear in mind that the greatest glory of living lies not in never falling but in rising every time you fall."

In introducing Mr. Mandela, Mr. Clinton thanked him "for being the person we'd all like to be — on our best day."

Mandela Honored by Congress

Surrounded by the Capitol Rotunda's towering images of George Washington and Abraham Lincoln, Mr. Mandela on Wednesday received the Congressional Gold Medal, the first African to be awarded the United States' highest honor. The Associated Press reported.

Mr. Clinton followed a long lineup of law-

makers, including Representative Newt Gingrich, the House speaker, who beseeched Americans to follow Mr. Mandela's example of humility, sacrifice and kindness in the face of enmity.

"No medal, no award, no fortune, nothing we could give him could possibly compare to the gifts he has given to us and to the world," Mr. Clinton said before presenting the medal.

International Appeal for Clinton

A group of international entertainers and intellectuals on Wednesday backed Mr. Clinton, saying the "extreme right" was using the Lewinsky scandal to undermine his social programs. Reuters reported from Paris.

The democratically elected president of a free nation has been subjected for eight months to inquisitorial harassment by a fanatical prosecutor with unlimited power," the 67 signatories said in a statement published by the daily Le Monde.

The campaigners included the Nobel Peace Prize winners Desmond Tutu and Jose Ramos Horta, a Nobel literature winner, Gabriel Garcia

Marquez, and a Nobel physics laureate, Pierre-Gilles de Gennes.

"Kenneth Starr's arbitrary and unfair procedures must not have the upper hand," they said, referring to the special prosecutor. "Victory in America over this prosecutor will be victory for those across the world who support the principles of freedom." They said added that Mr. Starr was breaking the "sacred right" to privacy.

"The judicial show orchestrated by Prosecutor Starr is only a cover," the statement said. "His real fight is political. Backed by the extreme right, he is seeking to undermine President Clinton's ideas of freedom and his social and liberal program."

Signatories included the film stars Anthony Hopkins, Gerard Depardieu, Vanessa Redgrave, Emma Thompson, and Jeanne Moreau; the writers William Styron, Guenter Grass, and Carlos Fuentes; the singer Peter Dinklage; the violinist Yehudi Menuhin and the chairman of the French National Assembly's Foreign Affairs Committee, Jack Lang.

CLINTON: Gingrich Won't Deal

Continued from Page 1

The alternative, he said, was many months of hearings that would leave the United States distracted at a dangerous time. "We are not in a world today where we can sit here as a country in suspended animation for 8, 9 and 10 months," he said.

Democrats have appeared reinvigorated since the four-hour videotape of Mr. Clinton's testimony was broadcast Monday. Polls indicate that approval of Mr. Clinton's job performance jumped from 60 percent to 66 percent.

But if Democrats felt emboldened to step up attacks on the Republican leadership, Mr. Gingrich said he had no plans to alter the "orderly" march of the House Judiciary Committee toward reviewing the evidence against Mr. Clinton and deciding whether to recommend impeachment.

Asked by a reporter whether such a prolonged process would indicate Congress's contempt for the will of the people as expressed by the polls, Mr. Gingrich replied, "I think people would be frankly horrified if the Congress was simply a polling institution that enacted a grotesque version of justice based on the latest poll or the latest talk show."

Similarly, on Tuesday, Representative Henry Hyde of Illinois, chairman of the Judiciary Committee, said it was "very premature" to talk about negotiating an agreement with the White House.

But Mr. McCarthy said the White House understood that it was Mr. Gingrich, a possible Republican presidential candidate in 2000, who was calling the shots in the Judiciary Committee.

Another Democrat who has fostered the idea of a negotiated solution to the crisis, Senator John Kerry of Massachusetts, said Wednesday that the speed at which Republicans conclude the matter would be "a test of their good faith."

Mr. Kerry had called Sunday for Mr. Clinton to go before the Judiciary Committee and explain himself as part of an agreement to drop any plan for impeachment hearings.

He said Wednesday that there was no reason the matter could not be brought quickly to a close. "This is a simple case," he said on CNN. "Everyone knows what happened."

To the Republican insistence that the investigation of charges against Mr. Clinton has only begun, Mr. Kerry said that if Republicans "want a stipulation from the White House of a whole lot of facts, I believe they could get that."

The broadcast Monday of Mr. Clinton's taped grand jury testimony in the case appeared to have given Democrats some relief from the unrelenting bad news since the Starr report was released.

House Democrats, particularly in traditionally Democratic areas, said they were observing a dramatic shift in opinion in Mr. Clinton's favor. "It's as if the boil was lanced, and the fever has broken," Representative Edward Markey, a Massachusetts Democrat, told The Washington Post. "Last week the calls were coming in 3 to 2 against the president, but today it's 3 or 4 to 1 in favor."

The Judiciary Committee is to meet Thursday to consider the release of an additional 16 boxes of evidence from Kenneth Starr, the independent counsel.

Bickering over release of documents, and the pace at which to proceed, has riven the Judiciary Committee along sharp partisan lines. Republicans familiar with the remaining material said no major surprises would be revealed.

"I haven't seen anything new," said Representative James Rogan, a California Republican.

The next release should, however, include the grand jury depositions of important figures, including some presidential aides and Betty Currie, Mr. Clinton's secretary. It should also include taped conversations between Mr. Lewinsky and Linda Tripp, the one-time friend who turned the tapes over to prosecutors.

Mr. Gephardt said Democrats were concerned that Mr. Starr had not released some exculpatory material to Congress and demanded that he do so. He did not elaborate as to what that might be.

Tripp, the Invisible Woman, Emerges

Unlike Starr Report, New Documents Detail Betrayal of Lewinsky

By John Mintz
and Roberto Suro
Washington Post Service

WASHINGTON — In the voluminous report that the independent counsel, Kenneth Starr, submitted to Congress, one person seemed conspicuously absent: Linda Tripp, whose account of Monica Lewinsky's affair with President Bill Clinton prompted the investigation in the first place.

But with the release of 3,183 pages of additional documents this week, new details have emerged about Ms. Tripp and how she betrayed her friend and acted as a provocateur intent on ensuring the president at key moments in the unfolding drama.

It was Ms. Tripp, according to Ms. Lewinsky's grand jury testimony that was made public Monday, who urged her not to clean the semen-stained blue dress that proved she had a sexual encounter with Mr. Clinton.

And it was Ms. Tripp, according to the documents, who urged Ms. Lewinsky not to sign an affidavit denying she had an affair with Mr. Clinton until the president's friends assisted her in landing a job — advice that would have set a trap for Mr. Clinton had Ms. Lewinsky followed it.

There are a number of reasons why Ms. Tripp, once Mr. Starr's key witness, has been so eclipsed in his investigation. For one, when Ms. Lewinsky started cooperating with Mr. Starr in July, Ms. Tripp's testimony about what Ms. Lewinsky had told her was not as important.

But an added factor was Mr. Starr's own suspicion that Ms. Tripp lied about her handling of the audiotapes she made of her conversations with Ms. Lewinsky. The independent counsel is investigating whether Ms. Tripp was telling the truth when she told Mr.

Starr's investigators that she had not altered or made any copies of the dozens of tapes she turned over to Mr. Starr.

The Office of the Independent Counsel said in papers made public Monday that "if Ms. Tripp duplicated any tapes herself or knew of their duplication, then she has lied under oath before the grand jury and in a deposition. The OIC continues to investigate this matter. ... For the seven tapes which contain audible conversations and which exhibit signs of duplication, the Office of the Independent Counsel cannot exclude the possibility of tampering at this time."

Ms. Tripp's spokesman has refused all public comment about her role in taping Ms. Lewinsky because of an ongoing investigation by a Maryland prosecutor, taping people without their consent is illegal under state law.

Ms. Tripp has made no public appearances since July, when after completing her grand jury testimony she proclaimed from the courthouse that she was "an average American" being "vilified for taking the path of truth."

But Ms. Lewinsky left no doubt about who she thinks is the cause of her troubles. At the end of one of her grand jury appearances last month, according to testimony made public this week, Ms. Lewinsky was asked whether she had anything to add, and she said tearfully: "I'm really sorry for everything that's happened. And I hate Linda Tripp."

The grand jurors then began comforting her, one saying: "Right now you feel a lot of hate for Linda Tripp, but you need to move on and leave her where she is because whatever goes around comes around." A second grand juror added, speaking of Ms. Tripp: She "is definitely going to have to give an account for what she did."

Mr. Clinton, too, has seemed fixated on Ms. Tripp's role in upending him. During his grand jury testimony, he

repeatedly voiced suspicions that she was responsible for feeding information about Ms. Lewinsky to the lawyers for Paula Jones in her sexual harassment suit against the president.

Explaining his surprise when the Jones lawyers began questioning about Ms. Lewinsky in his deposition Jan. 17, Mr. Clinton said, "These people had access to a lot of information from somewhere, and I presume it came from Linda Tripp."

The new information in the Starr documents only reinforces Ms. Tripp's reputation in some quarters as the villain in the Clinton scandal.

The new documents also shed new light on Ms. Tripp's role in launching Mr. Starr's investigation of Mr. Clinton's relationship with Ms. Lewinsky.

According to Mr. Starr's report to Congress, Ms. Tripp in her initial discussions with his office early in January said that Vernon Jordan Jr., a close friend of Mr. Clinton's, was helping Ms. Lewinsky find a job at the same time that he was advising her on how to handle a subpoena in the Jones lawsuit.

Mr. Starr said in his report that he "recognized parallels" between Mr. Jordan's relationship with Ms. Lewinsky and allegations, already under investigation by Mr. Starr, that Mr. Jordan had provided economic help for Webster Hubbell, a key figure in the Whitewater real estate investigation, to ensure his silence.

According to Ms. Lewinsky's testimony, she took the initiative with Mr. Clinton last October to ask the president to secure Mr. Jordan's help for her in getting a new job once it became clear to her that suspicious White House staffers would never let her work close to the president again. But Ms. Lewinsky said that the idea of involving Mr. Jordan may have begun with Ms. Tripp.



Linda Tripp, who taped Monica Lewinsky and triggered the investigation.

STARR: Low Point in Lewinsky Case: Jan. 16 Interrogation

Continued from Page 1

Ms. Lewinsky testified last month that after saying she would not talk without a lawyer, Mr. Starr's aides warned that she could face 27 years in prison on charges of perjury, obstruction of justice and witness tampering in the Paula Jones case.

She also testified that they told her she would lose her chance for an immunity deal on those potential charges if she called her lawyer, that they threatened to prosecute her mother, that they even discouraged her from calling her mother.

"You're 24, you're smart, you're old enough," said a deputy to Mr. Starr, Jackie Bennett Jr., according to Ms. Lewinsky's grand jury testimony. "You don't need to call your mommy."

Mr. Starr has denied that Ms. Lewinsky was mistreated, and some legal experts say his aides' efforts to dissuade her from calling her attorney were perfectly legitimate.

Months later, when her later attorney went to court to try to enforce what he said was a subsequent deal with Mr. Starr — and buttressed his case with allegations prosecutors had mistreated her in that first meeting — a federal judge rejected the complaint.

But even though no court has ruled the prosecutors' tactics legally sound — and Ms. Lewinsky is now cooperating with the Starr investigation — she was clearly traumatized by her grueling confrontation in Room 1012 of the hotel.

When one of the grand jurors asked her about the Jan. 16 encounter, she would not discuss it until Mr. Emmick left the room.

Even Mr. Starr's records make clear that his aides played hardball at the Ritz-Carlton, informing Ms. Lewinsky that she was the subject of a criminal investigation, then advising her that "the offer to discuss her legal status was not being offered to her attorney, but to Lewinsky alone."

But some experts said that Mr. Starr was well within his rights to impose whatever conditions he wanted on the discussions, as long as Ms. Lewinsky was free to go and free to say no.

They said there may be a right to counsel, but not to an immunity deal.

"It's utterly outrageous," said Neal Sonnett, a Miami defense lawyer who once ran the criminal division of the U.S. attorney's office in South Florida. "You can't take a

young woman who is obviously frightened to death and discourage her from seeking counsel. There's no question about it. This was prosecutorial misconduct."

It was fair play, countered others. "She was a grownup, and she wasn't in custody. That's the way the game is played," said Akhil Amar, a Yale Law School professor of constitutional law and criminal procedure. "I'm sure criminal defense attorneys don't like it, but the fact is, prosecutors want to get at the truth, so they try to discourage witnesses from calling their lawyers."

During her testimony on Aug. 20, Ms. Lewinsky told the grand jury that the first thing she told the FBI agents was that she would not talk without an attorney. She said she only agreed to go with them because they told her "that was fine, but I should know I won't be given as much information and won't be able to help myself as much with my attorney there."

She also testified that she had been told not to call Mr. Carter because he might tip off his friend Vernon Jordan Jr. about the still-secret investigation, and that someone told her Mr. Carter would not be able to help much anyway because he was not a criminal attorney.

She said Mr. Starr's aides did give her a number for another attorney to call, but she refused because she did not trust them. Still, Ms. Lewinsky admitted in her testimony that she had been repeatedly told she was under no obligation to stay with Mr. Starr's deputies on Jan. 16.

They did read Ms. Lewinsky her rights. At one point, they let her leave the room alone to make a phone call. She eventually did call her mother, Marcia Lewis, who took a train to Washington, and she did talk to a

new attorney, William Ginsburg. She ate dinner with Mr. Emmick and an FBI agent in the mall. She went to the bathroom at Macy's. She withdrew money from an automatic teller machine.

At 12:30 A.M., according to Mr. Starr's log, she thanked the agents and prosecutors "for being so kind and considerate." It was six months before she agreed to cooperate with Mr. Starr's office.

Several legal analysts said the Supreme Court has given prosecutors a lot of leeway in questioning witnesses who are not in custody. They can set traps, warn about the consequences, even lie.

But in her grand jury testimony, Ms. Lewinsky claimed that she felt threatened in the hotel room crowded with prosecutors and FBI agents, and thought she would be arrested if she tried to leave.

At one point, she said, she sat in the room sobbing for two hours. At 2:29 P.M., according to Mr. Starr's log, she said, "If I leave now, you will charge me now."

At 5:20 P.M., she suggested taking a taxi to her attorney's office. The responses were not recorded. Some commentators are suggesting that the prosecutors may have taken Ms. Lewinsky into "psychological custody" and that they had an ethical obligation to back off when she wanted to talk to a lawyer.

The real impact of the meeting at the Ritz-Carlton could be political, shaping perceptions of Mr. Starr and his investigation.

It seemed to annoy the jurors. The first time the subject of Jan. 16 came up, Mr. Emmick seemed to try to change the subject. But the jury would have none of it. "We really want to know about that day," a juror said.

Carter and Bush Speak Out on the White House Scandal

The Associated Press

ATLANTA — Former President Jimmy Carter says he does not think President Bill Clinton told the truth in grand jury testimony and expects the House to vote to impeach him.

But in his annual question-and-answer session with Emory University students, Mr. Carter also said he did not expect the Senate to remove Mr. Clinton from office.

Mr. Carter said he did not believe Mr. Clinton told the truth either in his deposition for the Paula Jones sexual

harassment lawsuit or during his testimony for the grand jury led by the special prosecutor, Kenneth Starr.

He said he has "deplored and been deeply embarrassed about" Mr. Clinton's relationship with Monica Lewinsky.

"And I have also deplored and been embarrassed by the reaction to it, the overemphasis of it, the matter in which a very serious political and legal issue has been addressed," he said Tuesday.

Mr. Carter said the presidency and the country will survive this "embarrassing circumstance" even if "a lot of damage has been done."

Former President George Bush, in a television interview, was reluctant to criticize Mr. Clinton.

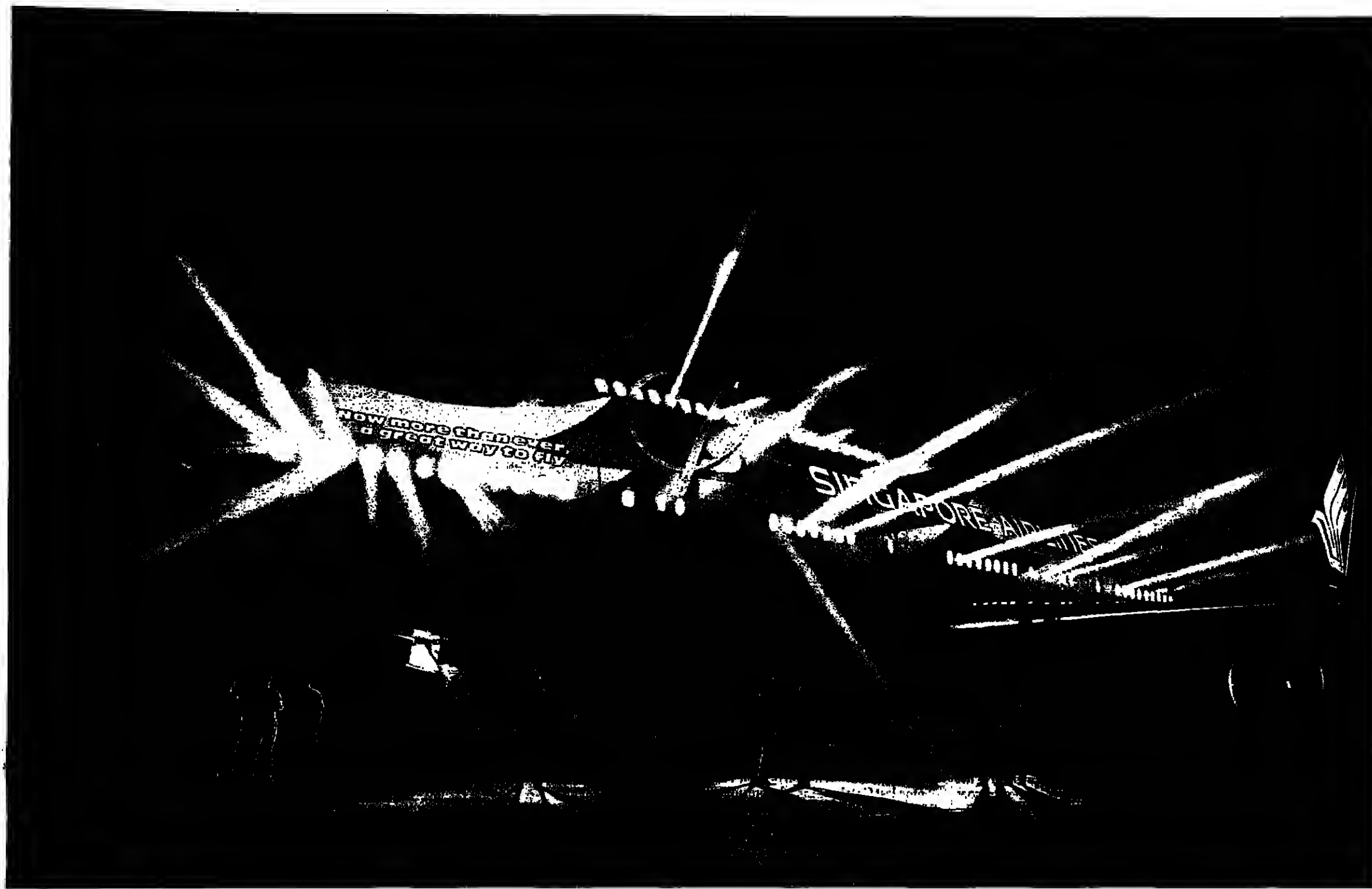
"He's got enough critics out there now," Mr. Bush said.

Asked if the presidency has been diminished by Mr. Clinton, Mr. Bush responded: "This office is strong, bigger than any one person. But I'm afraid, I'm afraid for now it has been diminished."

From Africa

CLINTON:
American World

THIS MONTH A NEW AIR TRAVEL EXPERIENCE TAKES WING.



One of two MEGATOP 747s with the special livery designed to celebrate our service transformation.

On 13th September, 1998, a very special MEGATOP 747 took off from Singapore Changi Airport on our first round-the-world flight that began a new chapter in air travel.

First, Raffles and Economy Class customers can now enjoy new levels of comfort, cuisine and entertainment with the transformation of our inflight and ground service.

SPLENDOUR

First Class customers can experience our new personalised ground service as soon as they alight from their cars at Singapore Changi Airport. They are now greeted and escorted into our new First Class Reception, an elegant lounge where their check-in is taken care of by our Premium Service staff.

On board, Singapore Airlines has created the world's most exclusive First Class cabin, hosting no more than 12 customers in our unique and luxurious seats,* crafted to meet the highest standards of comfort, spaciousness and privacy.

Upholstered in soft Connolly leather and trimmed with burr wood, the seats feature the world's largest 14-inch personal video screens. And for a

great night's sleep, built-in air mattresses inflate as the seats transform into flat beds, laid out with fresh linen and soft, down-filled duvets.

Dining in First Class is now an even more refined experience, with a restaurant style of service that lets customers eat as and when they please, on elegant serviceware by French design house, Givenchy.

ELEGANCE

Raffles Class customers will be delighted by the sophisticated new cabin which exudes an ambience of contemporary elegance, specially created by Givenchy.

The generous seat pitch and recline on the plush new Italian-designed seats* give a first class feeling of unparalleled comfort. The seats also feature the world's

first adjustable privacy screens and, as in our First Class, lap-top power supply.

Economy Class customers will also enjoy a refreshing new environment and an increased level of personal comfort in seats that offer added support, with footrests and adjustable winged headrests.

DINING AND ENTERTAINMENT

All customers in all classes are served our exclusive new *World Gourmet Cuisine*, created for Singapore Airlines by a panel of internationally celebrated chefs.

The superb dishes are accompanied by fine wines selected by our panel of Masters of Wine. For the first time, Economy Class customers will enjoy a free flow of champagne.

And *KrisWorld*, the world's most advanced personal inflight entertainment system, offers more than 60 entertainment options. Enjoy the biggest show in the sky, in every seat, in every class.

These outstanding enhancements can now be enjoyed aboard all our MEGATOP 747 flights.**

For more than a quarter of a century, Singapore Airlines has provided a standard of inflight service even other airlines talk about. They'll now have even more to talk about.

Singapore Airlines. Now more than ever, a great way to fly. **SINGAPORE AIRLINES**

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Singapore Airlines has created the world's most exclusive First Class cabin.



The 14" KrisWorld screen is simply the biggest in the sky.

* Available on MEGATOP 747 aircraft only and being fitted progressively. ** Many of the service enhancements are also available on our JUBILEE 777 and CELESTAR A340 flights.

EUROPE

Dublin and Belfast Discuss IRA Disarmament

By James F. Clarity
New York Times Service

DUBLIN — Prime Minister Bertie Ahern of Ireland and Mo Mowlam, the highest British official in Northern Ireland, sought Wednesday to devise a compromise in the growing dispute over disarmament of the Irish Republican Army.

After an 80-minute meeting, Mr. Ahern and Ms. Mowlam, the Northern Ireland secretary, said they were making progress on a number of issues involving the peace agreement.

But, significantly, they did not say progress had been made on the problem

of disarmament of the IRA arsenal. The IRA has observed a cease-fire for 14 months, but has repeatedly said it will not disarm.

This has led to problems for its political wing, Sinn Féin, whose members are seeking important posts in the new Northern Ireland Assembly.

In recent days, the dispute has accelerated, creating a sense of growing crisis in the enactment of the Northern Ireland peace agreement reached in the spring and aimed at ending permanently the sectarian violence between Roman Catholics and Protestants in the British province.

In some of these issues there are

difficulties," Mr. Ahern said. Ms. Mowlam said she was sure that eventually the IRA would disarm, but officials pointed out that she declined to address the key point of the dispute: exactly when the disarmament might begin.

Mr. Ahern told Ms. Mowlam that the announcement on Tuesday that Britain was withdrawing about 500 of the 17,500 troops it has in the North was helpful. Officials and experts said the prime minister meant the withdrawal would be seen as a concession to the IRA and its political wing, Sinn Féin.

On Tuesday night, Mr. Ahern and David Trimble, the first minister of the

Assembly, called on the IRA to disclose when it might begin to disarm, and asked Sinn Féin to try to find out. Sinn Féin has not replied.

Also on Tuesday, Mr. Trimble met with Gerry Adams, the Sinn Féin president, whose position has been that disarmament would only come as part of an overall enactment of the political provisions of the new peace agreement that is to give Catholics more power in the province. The agreement is to be enacted by May 2000, and Sinn Féin has indicated there will be no disarmament before then.

The disarmament dispute, which has repeatedly impeded the peace effort for four years, is between officials of the province's Protestant majority and its Catholic minority, now facing each other in the new Assembly.

The Assembly, which is to gain from Britain more autonomy in provincial affairs, is scheduled to set up a provisional cabinet, which will then participate in a new cross-border body, the North-South Ministerial Council, comprising Northern Ireland Catholics and Protestants and members from the overwhelmingly Catholic Irish Republic. But the process has been stalled over IRA disarmament.

Sinn Féin insists that it must now be given two ministerial posts in the cabinet, according to the rules of the peace agreement. But Protestant Unionists, led by Mr. Trimble, insist that the IRA must begin some form of disarmament before Sinn Féin gets ministers.

Sinn Féin accuses Mr. Trimble of misinterpreting the agreement and setting a condition membership in the cabinet.

The agreement only requires all parties to work toward disarmament during the accord's two-year period.

Mr. Trimble says that it is implicit in the agreement that some disarmament must start soon, before the cabinet is filled. Mr. Adams says this is a condition not included in the peace agreement.

The issue threatens to create the first crisis in the peace effort since the agreement was reached by Protestant and Catholic leaders in April, and approved in referendums in May in the North and in the Irish Republic.

The North-South Council, giving the Irish Republic more influence in Northern Ireland affairs, is to meet next month.

Irish officials feel that without Sinn Féin present to represent the IRA, the body would be ineffectual. IRA policy still calls for the end of British sovereignty in the province.

The North-South Council was a compromise in the peace agreement that would retain British authority, but give Catholics more of a voice.

EU Orders New Exams After Cheating Furor

The Associated Press

BRUSSELS — Tens of thousands of candidates seeking jobs at the European Commission will have to repeat exams after the European Union annulled the tests Wednesday because of cheating allegations.

"There are sufficient suspicions of leaks in at least one of the preselection tests," said Eekki Liikanen, the official in charge of personnel at the European Commission, the EU's executive branch.

Competition is intense for jobs at the EU institutions. On Sept. 14, there were 31,000 people who took the exam for administrative posts at the commission in 38 centers across the 15-nation EU.

Only 475 people were to have been selected for a short list to fill posts in the European bureaucracy, and they were to undergo further testing.

Candidates taking the exams in Rome and Brussels complained of cheating, including reports that ques-

tions had been leaked in advance and that some candidates had been able to make mobile phone calls from toilets in the exam centers.

The exams for the commission's level-A jobs, which require a university degree, were the first to be held in five years. EU officials said the exam had cost 1.2 million European currency units (\$1.4 million).

Mr. Liikanen said an investigation had been launched to find out who was responsible for the leaks.

Turkish Court Upholds Jail Ruling for Mayor

Reuters

ANKARA — A court upheld a 10-month jail sentence Wednesday against the popular mayor of Turkey's biggest city on public order charges in a fresh legal blow to the large Islamist opposition.

The Appeals Court in Ankara said in a statement that the ruling against Istanbul's mayor, Recep Tayyip Erdogan, was approved by a vote of 4 to 1.

The verdict means that Mr. Erdogan, often tipped as a future national leader of the Islamist movement, looks set to lose his status as mayor and faces a lifetime ban from public office.

Legal sources said the mayor was likely to be jailed in the coming weeks unless his lawyers could lodge a further last-minute appeal.

Mr. Erdogan, 44, was sentenced by a lesser court in April for "provoking hatred" by reciting a poem deemed as encouraging Islamist extremism in a speech to supporters.

"The mosques are our barracks, the domes our helmets, the minarets our bayonets and the faithful our soldiers," he told a rally in the southeastern town of Siirt in December.

The mayor, who has run Istanbul since 1994, said his speech was a call for an end to the Kurdish rebel conflict in the area.

Diana's Bodyguard Sues Ritz and Car Supplier

The Associated Press

PARIS — Trevor Rees-Jones, the bodyguard and sole survivor of the car crash that killed Diana, Princess of Wales, filed suit Wednesday against the Ritz Hotel and the Etoile-Limousine car service for "endangering the lives of others."

At the time of the crash on Aug. 31,

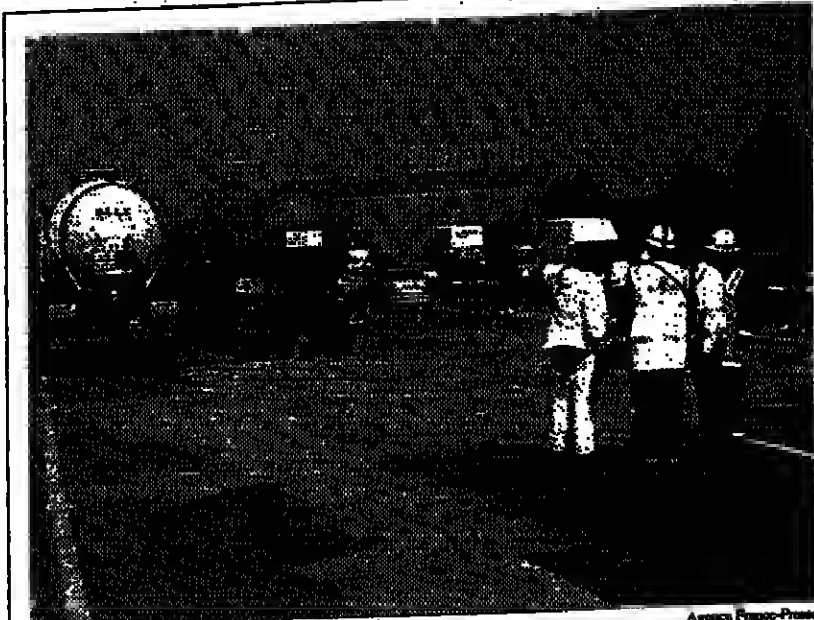
1997 in Paris, Mr. Rees-Jones was an employee of the Ritz's owner, Mohamed al Fayed. He is the father of Dodi al Fayed, Diana's companion, who also died in the crash.

The driver of the car, Henri Paul, chief of security at the Ritz, who also was killed in the crash, was legally drunk and taking prescription drugs for

depression at the time. The legal action cites both the Ritz and Etoile-Limousine for "failing to provide a licensed driver" for the Mercedes in which the princess was riding.

Mr. Paul did not have the type of license required by law to drive the Mercedes 280S sedan, which was provided to the Ritz by Etoile-Limousine.

BRIEFLY



BLOOD SPILLED — Firemen cleaning up tons of animal blood, possibly from "mad cows," that leaked from a tanker Wednesday near Birmingham, England. Eight people were checked for contamination.

Siemens Plans Fund For Slave Laborers

BERLIN — Following Volkswagen's lead, Siemens announced plans Wednesday for a fund of 20 million Deutsche marks to compensate former slave laborers who were forced to work for the company during World War II.

The electronics giant, along with VW, is one of several German businesses under pressure from lawsuits in the United States and threats of more at home from Nazi-era victims.

Last week, Volkswagen became the first of these firms to agree to payments when it announced its own fund of 20 million Deutsche marks (\$12 million) after arguing for years that it had no legal duty to pay back wages for labor that it said was forced on it by the Nazi war machine.

Siemens had a similar change of heart. Almost a year ago, at its 150th anniversary celebrations, the company insisted that it could do no more for its former slave laborers than express "deepest regrets."

Krupp, Daimler-Benz, Audi and BMW are also named in a New York suit seeking restitution for thousands of former slave laborers. (AP)

Serb Results Slowed

SARAJEVO, Bosnia-Herzegovina — The international body that or-

ganized Bosnia's general election on Sept. 12 and 13 said Wednesday that it would not be able to announce the results until Friday at the earliest because of technical problems.

The Organization for Security and Cooperation in Europe first said it planned to make the results known Thursday.

A Serbian ultranationalist, Nikola Poplasen, is widely believed to have defeated the Western-backed incumbent, Biljana Plavsic, in the contest for the presidency of Bosnia's Serbian entity. (Reuters)

Spying Laid to Finn

HELSINKI — A Finnish Foreign Ministry official is suspected of providing Russia with confidential information about the European Union and has been questioned, the ministry said Wednesday.

Two employees at the Russian Embassy in Helsinki who are believed to be the recipients of the unspecified documents left Finland at the end of the summer. One left voluntarily and the other was encouraged to do so, a Foreign Ministry undersecretary, Jukka Valtasaari, said on Finnish public television.

He said he did not expect the incident to lead to any diplomatic repercussions.

In Moscow, the Russian Foreign Ministry expressed "bewilderment and regret" and said it would formulate a more concrete response in a few days. (AFP)

UN Debates For Kosovo C

Resolution Called a W

By Richard L. Hall

UNITED NATIONS — A draft resolution on Kosovo, which would call for a ceasefire and the withdrawal of Serbian forces, was adopted by the Security Council on Wednesday.

The resolution, which was adopted by a vote of 14 to 0, with the United States abstaining, calls for a ceasefire and the withdrawal of Serbian forces from Kosovo.

The resolution also calls for the establishment of a temporary administration in Kosovo, and for the United Nations to monitor the situation.

The resolution was adopted after a long and heated debate in the Security Council, with the United States and the United Kingdom leading the effort to pass it.

The resolution is seen as a significant step towards resolving the Kosovo crisis, and is expected to be followed by further action by the United Nations.

The resolution is also seen as a victory for the United States and the United Kingdom, who have been pushing for a strong UN response to the Kosovo crisis.

The resolution is expected to be followed by further action by the United Nations, including the deployment of a peacekeeping force to Kosovo.

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INTERNATIONAL

UN Debates a Demand For Kosovo Cease-Fire

Resolution Called a Warning to Milosevic

By Barbara Crossette
New York Times Service

UNITED NATIONS, New York — Overcoming Russian reservations, the Security Council approved on Wednesday a resolution demanding an immediate cease-fire in Kosovo and an end to Serbian attacks on civilians.

The vote was 14-0, with China abstaining.

The resolution, which carries the implicit threat of force from NATO if fighting does not end, is intended to serve as a strong warning to President Slobodan Milosevic, diplomats said.

They acknowledged that differences of interpretation remain on whether this action authorizes NATO to proceed with military action, an issue that has divided Russia and the United States.

Calling the resolution "sufficient unto the day," Foreign Minister Hubert Vedrine of France said that the Security Council can wait before battling out the next stage in its course of action. What was important, he said, was a unified front against the Serbs.

The United States has argued that NATO does not need a Security Council resolution to take action in Kosovo but agreed to back the British and French governments, which wanted the action to be taken in tandem with NATO discussions on potential military responses.

Russia's representative, Sergei Lavrov, said Tuesday that Moscow could accept the resolution because it did not specifically call for military action.

On Tuesday night, Igor Ivanov, the new Russian foreign minister, had appeared to rule out approval for military action. Western nations had feared a Russian veto in the council and worked hard over the last few days to persuade the Russians to back a resolution more as a warning to President Milosevic than as a prelude to attack.

To underline Russia's interests and the council's unity in its message to Mr. Milosevic, the resolution reiterated unkept promises that the Serb president made to President Boris Yeltsin of Russia in June and renews demands that those pledges be met.

The resolution only skirts the issue of how to deal with the Kosovo Liberation Army, an ethnic Albanian force fighting the Serbs in the Kosovo region.

Mr. Vedrine said that the countries framing a response to the Kosovo crisis would have to find a way to bring greater pressure on the secessionists in Kosovo

to join a cease-fire and a dialogue and not be further inflamed by the most radical elements in their movement.

Mr. Milosevic has broken previous understandings with the Russians. The resolution, proposed by Britain and France, restates Moscow's demands on the Serbs, including an agreement to allow European Union observers into Kosovo, to guarantee access for relief agencies and to provide for the safe return of refugees.

The main thrust of the resolution, however, is its demands — supported by its status as a Chapter 7 resolution, which under the United Nations Charter makes it militarily enforceable — that the Serbs and their ethnic Albanian opponents in Kosovo cease hostilities immediately and begin a serious dialogue. It also calls for an end to Serbian attacks on the civilian population.

The resolution is part of a two-pronged campaign being mounted by Washington, which has taken the position that it does not need Security Council backing for military action.

The council action is being pursued along with a request to begin contingency planning for action in Kosovo. That planning includes the lining up of pledges of military support from NATO members and others who may want to become involved.

An American official took pains Tuesday to describe this NATO action as a step in planning, not a first step to war. Clinton administration officials are also insistent that the introduction of American ground troops is far from present plans.

In his speech Wednesday, Mr. Ivanov, the Russian foreign minister, also warned against the use of military force in Iraq and raised the possibility that Russia will argue in the coming crucial months on that issue that Iraq is no longer a threat to its neighbors and therefore deserves some relief from sanctions.

■ France Acts on Terrorism

France proposed Wednesday that the UN adopt a new international convention to strike at the sources of funding for terrorism, Reuters reported.

Mr. Vedrine said the permanent threat of terror made necessary new legal means to seize or freeze the assets of groups and individuals involved in acts of political violence. He said France would present a draft convention to the current General Assembly session after reaching agreement on it with experts from the Group of Seven leading industrialized nations, Russia and the European Union.



Ethnic Albanian refugees from Kosovo going about their daily routine in an abandoned plant near Sarajevo.

AIRLINE: Debt-Laden Philippine Flag Carrier Is Closed Down

Continued from Page 1

union representing the airline's 7,000 employees.

Declaring he had "exhausted all remedies," Mr. Estrada said, "Everything is over. PAL is closed."

Mr. Tan, who took over the flagship carrier in a bitter, protracted battle several years ago, refused to relent in his final offer requiring workers to agree to suspend collective bargaining for 10 years in return for a 20 percent stake in the airline.

Leaders of both the company and the union said the talking was over, although no one dismissed the possibility of sale of a portion of the airline to a new company.

There was also the possibility of violence erupting in an atmosphere of bitter recriminations over the failure of last-minute talks.

"We will take legal or extralegal action to protect the interests of the union members," said Gerry Rivera, vice president of the Philippine Airlines Employees Association.

In the rough and tumble of Philippine politics, observers in Manila said, it was impossible to say that negotiations had ended for good.

"Anything can happen in secret talks," said Thomas Diehl, a veteran Manila correspondent for Swiss Broadcasting Corp. But, he added, "It doesn't look good."

After a sendoff that mingled songs and tears and anger over the demise of Asia's oldest airline, the final outbound flight, packed with 381 passengers, flew to Los Angeles and San Francisco.

While the plane was still eight hours from its destination, another plane arrived from Tokyo via Cebu, in the central Philippines, disgorging disbelieving, weeping crew members and passengers.

Three hours later, the airline closed its doors.

"We may never fly this way again," sang Alfred Magbanua, the pilot on the final flight into Manila, as he stepped off his Airbus A330, to the tune of "We May Never Love Like This Again," and government officials agreed.

There was no way, said the presidential spokesman, Jerry Barican, that the government would take over the airline, which it auctioned off as a lost cause in 1992.

"There is no money for it," he said. "It seems to be a bottomless pit."

By the time it shut down, the airline

was \$2.1 billion in debt with only 14 of its 52 planes in flying condition.

For the Philippines, the demise of its national airline is one of the most wrenching financial catastrophes in Asia since the economic crisis began to hit the region in earnest a year ago.

Mr. Tan, who made most of his billions from a company called Fortune Tobacco during the Marcos era, battled to take control of Philippine Airlines as a prestige entity that he believed he could turn into a money-maker. Promising that PAL would soon become the greatest airline in Asia, he announced a \$4 billion expansion plan two years ago.

His dream vanished, however, when it became clear that the Philippines, like Thailand, Malaysia and Indonesia, would become a victim of the Asian financial crisis.

PAL has also had to fight a strong labor movement that staged a 22-day pilots' strike in June. Government officials have asserted that former Communist agitators influenced the union.

In the minutes before midnight, the government announced that the air force would handle shipment of vital supplies, including medical equipment, using its six cargo planes. But an official admitted that three of the six could not fly.

U.K. to Press Rushdie Case in Iran Talks

By Sarah Lyall
New York Times Service

LONDON — The British government said Wednesday that it would continue to press Iran to lift the death sentence against the author Salman Rushdie when its foreign secretary, Robin Cook, meets the Iranian foreign minister in New York on Thursday.

"We're working to achieve a resolution to the problem that is going to be acceptable to both sides," said a spokesman for the Foreign Office. "We've always taken the opportunity to press for assurances of Salman Rushdie's safety, and that is what Robin Cook will be doing when he meets Khamenei tomorrow."

President Mohammad Khatami of Iran seemed to signal a softening of Iran's position on Tuesday, when he told reporters that "we should consider the Salman Rushdie affair as completely finished."

But Britain has always insisted that nothing short of a complete lifting of the death sentence, as well as the revocation of the \$2.5 million bounty on Mr. Rushdie's head pledged by a revolutionary foundation in Tehran, would be an acceptable solution to the problem.

After he wrote "The Satanic Verses," Mr. Rushdie was accused of blasphemy against Islam and condemned to death in a religious decree by the late Ayatollah Ruhollah Khomeini in 1989.

Since then, he has lived in a number of safe houses around London, guarded around the clock by members of the Special Branch. After he and several representatives from the International Rushdie Defense Committee met with members of the Foreign Office on Wednesday, the committee issued a statement saying that it remained "cautiously optimistic" about Thursday's meeting.

LEBED: Trying to Make Inflation Illegal

Continued from Page 1

tricted. Virtually nobody thinks the controls are a substitute for a national strategy to rescue Russia from its economic malaise. But with Prime Minister Yevgeny Primakov still struggling to form a national cabinet, there is no overarching plan.

Mr. Lebed owes his post to Krasnoyarsk's economic distress. Tapping the deep well of discontent, he scored an upset victory over the region's incumbent governor in a bitter race last spring.

An immense region one-fourth the size of the United States, Krasnoyarsk has some of the nation's largest factories along with its Siberia-size economic problems. But Mr. Lebed assured the voters that the region needed an experienced crisis manager, not an economist.

Certainly, Mr. Lebed has been sorely tested.

With the collapse of the ruble in August, tax revenues plummeted. Panic buying cleared the shelves of baby food and cold medicine, leaving the region with dangerously small reserves.

Last week, residents in the city of Krasnoyarsk, the administrative capital of the region, found themselves without hot water when the central utility ran short of coal.

The only bright spot came when Mr. Lebed hosted a glitzy popular music festival, which was sponsored by one of Russia's leading television networks — a brief distraction in what may be one of the toughest winters in years.

Chastened by his region's economic woes, Mr. Lebed no longer talks confidently about single-handedly turning the situation around.

Krasnoyarsk, he says, needs a greater share of the nation's tax receipts and lower railroad freight and electricity rates to thrive over the long term.

It is Mr. Lebed's short-term plan,

however, that has led Krasnoyarsk's citizens to draw the political battle lines. Anxious to quell the economic turmoil sweeping the nation, Mr. Lebed has decreed controls on the price of meat, fish, bread, flour, cereal, pasta, beverages and coal.

Under Mr. Lebed's system, producers who want to raise the wholesale price of goods need to appeal to a panel of government officials at least five days in advance. Officially, no ceiling on wholesale prices was set. But a Lebed aide has proclaimed that producers should be satisfied with a 2 percent profit.

Retail prices are regulated according to a formula: Shop owners are not allowed to sell their food and beverages for more than 10 percent above what they paid. Krasnoyarsk's tax inspectors are conducting spot checks to make sure.

Mr. Lebed has emerged in opinion polls in recent weeks as the most popular alternative to the Communists. But his brand of capitalism is populist and vague.

"I am certainly on the verge of breaking the law but I think my measures are justified," Mr. Lebed said this month. "The emergency situation is compelling me to take emergency measures."

Defending his price controls, Mr. Lebed said they were needed to head off a wave of frenzied buying.

Another goal, he said, was to stop profiteering by local producers, who were taking advantage of the crisis to raise their prices.

"Why should milk become more expensive?" he asked. "Has the price of cows gone up?"

Mr. Lebed is not the only one to turn to price controls.

The city of Kaliningrad, isolated on the Baltic, has declared a state of emergency. The tax police in Novgorod have prowled through the city, fining shops for exorbitant prices.

GERMANY: Calculations Start in View of a 'Grand Coalition'

Continued from Page 1

predicted would be a very high turnout. "The mood in our campaign rallies has tipped over into excitement," he said.

"When it's there, you can't miss it. It's there now, and it's extremely favorable for us."

Mr. Schroeder, asked privately here late last week about the race, said that it would be very close, but that he would win with a margin of 2 percent.

Since then, in an apparent effort to reassure centrist voters after moving away from his theme of The New Middle toward more left-wing tones, the Social Democratic candidate said his party would serve as junior partner in a Grand Coalition if necessary.

In this event, with no majority for an alliance between the Social Democrats and Greens, Mr. Schroeder has made it clear he would return to his post as minister-president of Lower Saxony, leaving Oskar Lafontaine, the SPD chairman, to become vice chancellor under Mr. Schaeuble.

Wednesday, Mr. Kohl, who has frequently said he would not participate in any Grand Coalition, acknowledged for the first time the possibility that one could come into being. In a complex election situation, with candidates appealing to fine shadings of voter interests, this appeared to be the chancellor's way of suggesting a vote for him meant, at the very least, that Christian Democratic leadership could be assured

in a new government formed by the two big parties.

Mr. Kohl said in a television interview he could not imagine his party serving as second fiddle in a Grand Coalition, but this was far from the majority view among Christian Democrats, who are aware of the popularity among voters of such an association.

The Grand Coalition option is at the center of political considerations now because polling organizations' projections show that if the Party of Democratic Socialism, the re-named East German Communists, enters the Bundestag alongside the CDU, SPD, Free Democrats and Greens, no other workable majority is at hand.

Most of the polls also say that in mathematical terms, a return to Parliament by the Communists is by itself sufficient to block a coalition between the SPD and the Greens.

With the realities of the domestic political landscape ruling out the possibility of a single party's winning a majority, coalitions have been a fact of German political life since the Federal Republic was born.

Leadership of a Grand Coalition, which ran West Germany between the CDU government of Ludwig Erhard and the SPD government of Willy Brandt, would go to the party winning the most Bundestag seats.

Both parties are compelled to be extremely careful in their handling of the issue not only because of the obvious possible impact on their own vote totals

but because of their growing realization that such a coalition is an attractive prospect for a substantial part of the electorate.

In a poll published this week by the Erund research organization in Der Spiegel magazine, 35 percent of the canvass thought a Grand Coalition would emerge from the election, more than any other possible response. Another 35 percent said they thought a Grand Coalition could best solve the country's problems, more than any other coalition considered in the poll.

The ballot system in Germany does not permit individuals to vote for a coalition, but the procedure is sufficiently complex so that voters can fine-tune their intentions.

Voters have two ballots, one for a single candidate in their winner-take-all home election district races, and another for a list of party candidates in their region. Vote-counting involves a mixture of the direct elections and proportional representation, with an element of special weighting for the parties with direct winners.

Parties enter the Bundestag with three direct victories or 5 or more percent of the total vote.

Many voters feel they can influence the general outcome of the election by splitting their votes, choosing their basic preference in the direct election, and then trying to help a potential coalition partner with their second vote. These shadings rarely have been as important as in Sunday's vote.

GREENSPAN: Hints at Lower Rates

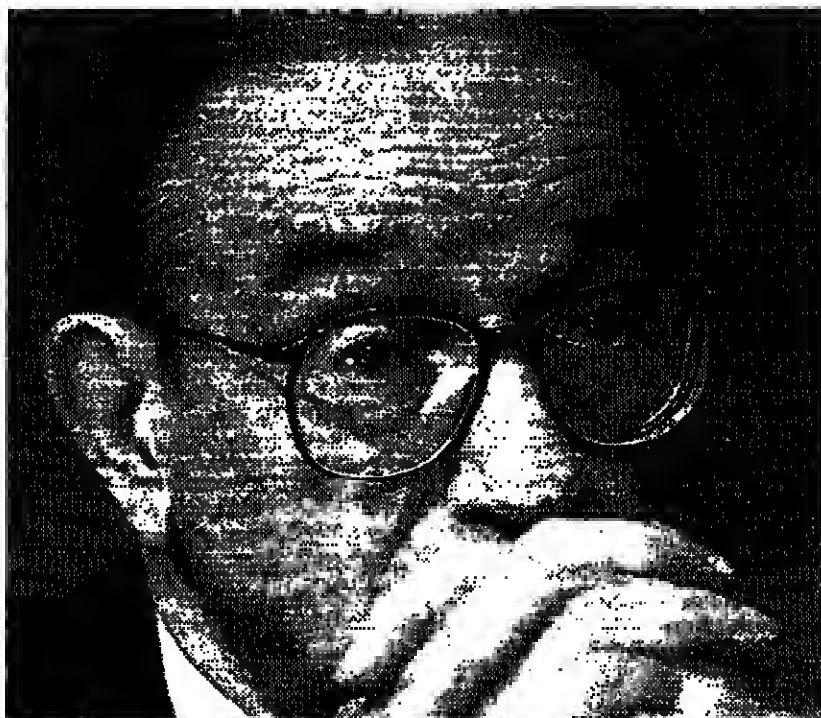
Continued from Page 1

greater threat than "excessive weakness" in the economy. By August, Ms. Stone said, the Fed committee felt that, in the words of Mr. Greenspan on Sept. 4, "the risks had become balanced" between inflationary and recessionary forces due to "dislocations abroad."

Now, she said, the Fed chairman has gone further, with the idea that the recessionary risks were likely to intensify. Since August, he said Wednesday, "deteriorating foreign economies and the spillover to domestic markets have increased the possibility that the slowdown in the growth of the American economy will be more than sufficient to hold inflation in check."

In addition, she said, his comments were similar to those offered in London on Tuesday by William McDonough, president of the New York Federal Reserve Bank. Mr. McDonough's views on monetary policy are often similar to those of Mr. Greenspan.

Expectations for a rate cut were kindled by Mr. Greenspan's Sept. 4 speech. Ten days later, President Bill Clinton gave a speech in New York that was followed by a communiqué from officials of the Group of Seven industrial countries that indicated a coordinated rate cut might be in the offing.



Alan Greenspan, who hinted Wednesday at lower U.S. interest rates.

Last week, however, Mr. Greenspan told a House panel that the G-7 was not planning a coordinated move, but he did not address the possibility of the Fed reducing rates on its own. Financial markets have been volatile in the past few weeks, in part a reflection of changing

expectations for Fed action. Those outside the Fed who favor a rate cut argue that it is necessary to shore up shaky world markets and take pressure off some countries, especially Brazil, where an outflow of capital threatens to leave the government unable to repay its debts.

BRIEFLY

Loyalists in Congo Attack Rebel Camp

GOMA, Democratic Republic of the Congo — At least 56 people were killed in the east of this country on Wednesday when militiamen loyal to President Laurent Kabila attacked a military camp, rebel officials said.

Residents and rebel soldiers said a coalition of Rwandan Hutu Interahamwe militiamen and traditional Mai Mai warriors on Wednesday morning attacked a military camp at Ndolsha, about 4 kilometers (2.5 miles) north of Goma.

A senior rebel leader, Lunda Bululu, told reporters that five women and one child had been killed in the crossfire when the attackers moved along a main road adjacent to the camp near an orphanage.

Last week, a coordinated offensive on Goma involving the Mai Mai, the Interahamwe and Hutu soldiers from the former Rwandan Army, left close to 300 people dead, rebel officials said. (Reuters)

Israeli Opposes A Military Plant

JERUSALEM — The mayor of a small Israeli town asked the Supreme Court on Wednesday to block the government from expanding a scientific facility in his city because according to press reports the facility manufactures biological weapons.

The government said the reports, which have appeared in Israeli newspapers attributed to unnamed "foreign reports," were inaccurate, but citing security reasons, refused to say in open court what the institute makes.

The Biological Institute has been operating for decades in Nes Tziona, a small bedroom community south of Tel Aviv. In his position to the Supreme Court, the town's mayor, Yossi Shevo, wrote that the institute conducts research "in the area of biological weapons and manufactures violent bacteria, which constitute a danger to the lives of the people living in the vicinity of the institute." (AP)

It's the Press's Fault In Venezuela, Too

CARACAS — Venezuela's defense minister blamed the media on Tuesday for fueling fears of a possible coup attempt amid a tense election campaign in which a former coup leader tops opinion polls.

Venezuelan newspapers, radio stations and television networks have run a number of articles in recent weeks speculating on the possibility of a military takeover to prevent the front-running candidate, Hugo Chavez, from winning December's presidential vote.

But Defense Minister Tito Rincon said the military would remain neutral in the elections. "The only places I have seen unusual situations and even talk of a coup is in the press," Mr. Rincon told reporters. (Reuters)

For the Record

Relatives of the thousands of people who disappeared during Peru's war on leftist guerrillas protested in Lima against human rights abuses. Scores of Andean peasants, mainly women, urged President Alberto Fujimori to investigate about 5,000 cases of people allegedly kidnapped and murdered during the 1980s and early 1990s. (Reuters)

MALAYSIA: Wife Is Questioned

Continued from Page 1

authorities will enforce laws that prohibit rallies by those who have not obtained a police permit.

In an interview on Tuesday, Mr. Mahathir, 72, said police had not acted earlier to stop the protests, partly because they felt they were under a spotlight from visiting dignitaries and athletes for the Commonwealth Games, which ended Monday.

"The police did not act because we are conscious all the time of being scrutinized," he said. "The searchlight is focused on us. If we do the slightest thing wrong we are going to be accused. And we know that Anwar has very powerful friends abroad. Leaders of governments. Foreign intellectuals."

Queen Elizabeth II left Wednesday after a four-day visit, and athletes and journalists who came for the Commonwealth Games have departed as well.

Mr. Mahathir has said he expects Mr. Anwar to be charged in court soon for his alleged involvement in homosexual acts, which are illegal in Malaysia.

Mr. Anwar, who vehemently denies the charges against him, is also under investigation for treason, sedition and unlawful assembly. He is being held under the Internal Security Act, which allows indefinite detention without trial.

■ Protest to Australia

Malaysia has officially protested remarks made by Australian leaders about the arrest of Anwar Ibrahim and several of his followers. Reuters reported from Kuala Lumpur.

But Prime Minister John Howard stood by a remark that Malaysia showed an apparent drift "towards an authoritarian approach."

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Dubious Attack on Sudan

Almost immediately after American missiles destroyed the Shifa pharmaceutical plant in Sudan last month, serious questions arose about whether the Clinton administration had targeted the right factory. The administration insisted that the factory was producing nerve gas for terrorists. But a report in *The New York Times* by Tim Weiner and James Risen (*NYT*, Sept. 22) reveals that the decision to attack the plant was based in part on incomplete information and inference.

The administration argues that it nevertheless had enough to go on to justify the attack. But the launching of deadly American missiles requires more solid and convincing evidence than Washington appears to have had in this case.

The crucial decisions leading up to the attack were made by a narrow group of top national security staff members who were excluded to assure secrecy. With America's embassy in Khartoum closed, up-to-date information was scarce. Hard proof linking the Shifa factory to terrorism and nerve gas production was elusive, and the indirect evidence that was available was incomplete and open to conflicting interpretations. In addition, the CIA had recently concluded that reports that had appeared to document a clear link between the Sudanese government and terrorist activities were fabricated and unreliable.

Another Casualty in Asia

Throughout Southeast Asia in recent years, a rising generation of leaders had begun to emerge, less wedded to authoritarianism than postcolonial leaders and more favorably disposed to democracy and openness. Now this generation is another potential casualty of the economic crisis that has swept the region.

If these potential leaders are side-tracked, the region will have less chance to overcome the corruption and cronyism that contributed to the economic troubles in the first place.

The archetype of this generation is Anwar Ibrahim, until recently deputy prime minister of Malaysia, now under arrest after the circulation of bizarre and unsubstantiated charges of sedition and sexual misconduct. "People in my generation would certainly like to see greater liberty, access to literature and knowledge, less censorship," Mr. Anwar told *Newsweek* magazine last year. "We don't have an obsession about the need for order and political stability. We did not experience the same turbulence that our elders encountered."

For several years, Mr. Anwar, 51, coexisted with his most important adviser, Prime Minister Mahathir bin Mohamad, 72. But when Asia's economies began to falter, their differences in outlook could not be papered over.

Soon after the Aug. 20 missile attack, the administration was compelled to retreat from its claims that the Shifa factory had been directly financed by Osama bin Laden, the alleged terrorist linked to the deadly attacks on two American embassies in Africa. Washington still insists that soil samples in American possession conclusively prove that an early stage of nerve gas production was taking place at the plant. But Western scientists who recently worked at the plant insist they knew of no nerve gas work.

Instead, they say, Shifa was Sudan's main source of locally needed agricultural chemicals and veterinary medicines. Whether it turns out that the United States destroyed the Shifa plant in error, Washington should offer to replace any lost production of agricultural and veterinary products from the plant. It does not help the war against terrorism to hurt innocent civilians.

Washington's nerve gas allegations may well be correct. But the record badly needs to be clarified. Wrongly, the administration has resisted calls for independent verification of soil samples from the plant. It should agree to such review.

The United States is entitled to use military force to protect itself against terrorism. But the case for every such action must be rigorously established. In the case of Sudan, Washington has conspicuously failed to prove its case.

—THE NEW YORK TIMES

NATO's New Main Act Risks Being a Sideshow

By Jim Hoagland

WASHINGTON — The Clinton administration sees the extending of NATO into Central Europe as a three-act pageant. But NATO expansion has become a mystery, with its most important story lines being developed and obscured by events racing beyond the control of the pageant's would-be directors in Washington.

Act One occurred in Madrid 14 months ago when the 16-member alliance agreed to make the Czech Republic, Hungary and Poland members in 1999 while holding the door open for other former Soviet satellites to join later. Act Two was an equally showy Clinton victory in the Senate, which ratified expansion last spring.

The administration is now at work on Act Three: In April, the first three Central European nations will formally join the North Atlantic Treaty Organization at a 50th anniversary summit meeting in Washington. Showers of confetti, gales of self-congratulatory rhetoric, exit all into an eternally peaceful Europe.

That is the hope. But the meeting could well highlight NATO's ebbing authority and failing sense of purpose in European security instead of showing

off the promised new vitality. That danger will be compounded if the administration prepares the meeting as a combination celebration of American victory in the Cold War and vindication of Bill Clinton's embattled presidency.

NATO will soon be bigger. But will it be any better at using military power to deal with security problems it was not originally designed to confront? That is the hard conceptual question that Mr. Clinton's national security team has yet to answer convincingly.

Mr. Clinton and his aides repeatedly said in pushing NATO expansion that it would inevitably make Russia more secure — even if the Russians did not understand that — by stabilizing democracy in Central Europe.

But Russia has since gone off the rails. A civil war has erupted in the Serbian province of Kosovo, where NATO's threats to intervene have been shown to be empty by Slobodan Milosevic's continuing bloody repression. In Bosnia last weekend moderate Serb political leaders backed by the United States and pro-

tested by NATO suffered embarrassing rejection in provincial elections. None of these events were caused by NATO expansion. Nor were they deterred by it. As it stands, NATO expansion is turning out to be irrelevant to Europe's big security problems of the future.

The planning of a strategic concept for the expanded alliance is reaching its critical point now, and sharp differences are surfacing over what the organization's future missions will be. The responsibility to persuade Mr. Milosevic and other predators that expansion will outlast NATO cohesion and give them a free pass cannot be put off until April.

These concerns were at the heart of discussions here last week between Mr. Clinton and the Czech president, Vaclav Havel. "The April summit cannot be just a commemorative gathering of Cold War victors," Mr. Havel told me later. "NATO has a historical challenge to become an instrument of collective defense, and of collective security, by focusing on its own tasks."

"If you look at Kosovo today, is what is happening there war or terrorism? How does NATO respond to it? These are questions that cannot wait."

Mr. Havel made it clear in our conversation that he favored immediate NATO intervention in Kosovo. That conflict, he said, is rapidly becoming "a threat to the peace and security of Europe. This is an extraordinary case that requires extraordinary action."

Article 5 of the NATO treaty authorizes military action only to defend NATO members' territory, but he argued, the article "should eventually be amended to permit NATO to act on its own in extraordinary cases outside NATO. Until this happens, action should be taken in the spirit of this amendment." This puts him at odds with France, Britain and other NATO members who insist that UN authorization is necessary. Mr. Havel seemed to be trying to frame a compromise between them and Washington in the gathering dispute over the new strategic concept.

War in Kosovo and collapse in Russia were not part of the script written by Mr. Clinton and his aides. They bear heavy responsibility to keep NATO expansion, which they sold as the main act of European security, from becoming an irrelevant and distracting sideshow.

The Washington Post

Risk-Takers' Crisis of Confidence Tests the Markets

By Daniel Yergin

CAMBRIDGE, Massachusetts — It was what Goldilocks liked so much about the porridge — that it was neither too hot nor too cold, but just right. And that is why, over the past few years, the remarkable American economy has come to be known as the "Goldilocks economy."

For it has been "just right" in its combination of low inflation, low unemployment, good growth and great job creation. Unfortunately, the Three Bears may now be heading for the house.

Much of the rest of the world's economy — the only other exception being Western Europe — is either engulfed in or threatened by monetary turmoil, economic collapse and contagion, with the specter of reality of political and social turmoil in close attendance. What was thought to be a by-product of financial crisis is now entering its 15th month, and at every stage it has proved worse than at first thought.

In the aftermath of the Russian default and devaluation, the immediate battleground has shifted to Latin America. But the past few weeks have brought the jolting recognition that Goldilocks is not invulnerable to what is happening in the rest of the world.

Perhaps the American economy is so resilient that it can shrug off the shocks. But the risk is now much greater that the United States will be affected

through reduced exports, lower corporate profits, monetary instability, unanticipated exposures and losses, and the reverse wealth effect that would result from a falling stock market.

Europe is likely to find that the euro arrives too Jan. 1 in the midst of unexpected stress that greatly complicates the workings of the new monetary union. Downturn in the United States and Europe, in turn, would constrain export markets, making recovery in other parts of the world that much more difficult.

The heart of the matter is the misfit between global capital markets and national financial systems. It has turned out that the national systems did not have the institutional capability — or sufficient levels of knowledge or independence — to cope with the rapidly mounting flood of funds. Asian countries failed to comprehend the scale of debt or to properly gauge the risks. Years of high economic growth created a confidence in both borrowers and lenders that was not tempered as growth slowed. In Russia's case, a political stalemate prevented tax reform and collection. The resulting revenue shortfall led to short-term, credit-card type borrowing by the government.

But why are these shocks spreading around the world, hitting countries so widely divergent? After all, Latin American

countries such as Brazil and Argentina are hardly in the same situation as Russia. Nor is Poland, the most successful of the transition economies. The explanation is contagion. But this is an ailment not of countries but among investors. What it really means is a sudden multiplying of the risk premium, with very harsh consequences for countries. Lenders and investors, originally drawn into emerging markets by the prospect of growth, now see only the downside, and they are rushing for safety. The result is a deliquification of national economies.

If the past two decades have been dominated by a disillusionment with government management of economies, is a new disillusion with markets themselves settling in? To some degree, yes. Russia is backing away from reform and again turning toward intervention. Malaysia has clamped on currency controls and arrested the pro-market former deputy prime minister. Even free-market Hong Kong has been buying up shares in its stock market to frustrate speculators. Capital controls to slow "hot money" inflows — even if only "temporary" — and protectionist measures will be on the table. Hostility is growing against those who make their money by identifying — and perhaps manipulating — the mispricing of currencies and then attacking

them, with all the pain and social disruption that follows. And there is increasing questioning of markets themselves. Yet the interwoven links creating the new global reality — trade, direct investment, capital markets, technology, communications — will continue to erode borders. Incremental retreat of one form or another is possible, indeed likely — as is the search for the villains. But barring a major collapse, wholesale retreat would mean a retreat from future investment and economic growth.

Much is currently made of imprudent lending, though that is easier to judge in retrospect. But what would be imprudent now is not to act to offset a global downturn.

Certain factors make it more difficult. Leadership is obviously hobbled in the three critical countries — the United States, Germany and Japan — though for widely differing reasons. The international institutions that provide the means for coordinated responses are overstretched to near exhaustion, under attack and battered.

The global economic crisis is really a crisis of confidence. What are needed are concrete measures that incrementally rebuild confidence. Such measures would include reforming and repairing financial institutions (as South Korea is swiftly doing, and as Japan, the world's No. 2 economy, is too), improv-

ing tax systems, sharpening the distinction between government and market, and replacing intervention and manipulation with efficient regulation. Other steps involve implementing recognizable international standards, providing assurance of level playing fields to investors, facilitating direct investment, resisting protectionism, delivering clarity and transparency.

So far at least, those countries that have gone farther in reform are proving more resilient in the crisis. Social safety nets are essential if there is to be a permanent embittering and loss of vitality. National policies will have to look beyond national politics. And international cooperation in restructuring debt is critical.

What also is required is a better understanding of how the new global financial system works. Very few knew in advance how unforgiving its new rules could be. In due course, greater transparency may be required not only of national economies but also by international investors. And, at bottom, what is critically needed is honesty — in the processes by which markets work, about the "critical situation" and about the seriousness with which it will be met.

The writer is chairman of Cambridge Energy Research Associates. He contributed this column to *The Washington Post*.

Other Comment

World Wide Witnesses

It was a distressing image that the United States projected on its citizens and imposed on the rest of the world. Virtually the entire planet has been a witness to the most intimate part of a human being: his sexuality.

The president's comment while he was harassed by Kenneth Starr and his subordinates, that sexuality "remains the most mysterious facet of human life," may be the only important point worth remembering in this absurd matter.

The sex life of the 42d president of the United States certainly seems stuck in adolescence, but that should concern only himself, his partners, and his wife.

Why are we transformed into "voyeurs"? The media is being held accountable for this, but the Republicans who hold the majority in Congress authorized the scandal to unravel, contradicting the tradition of the American judicial system.

It would certainly have been preferable for Bill Clinton to have behaved like a man who was anxious to preserve his dignity, rather than like a clever lawyer or a steadfast politician.

Had he refused in the first place to answer the independent counsel's salacious questions, thereby defying the Supreme Court's initial decision in the Paula Jones case — and risking a major conflict between the executive and the

judiciary — the debate would not have run as low.

There is no doubt that courage and the truth would have been a better strategy, but it was too late and the entire picture is a lot gloomier today: Bill Clinton dragging his lies with him like a ball and chain, and doing so in front of a federal jury in an atmosphere of political and sexual inquisition.

But the underlying matter still prevails. Kenneth Starr's strategy and the attitude of Congress's Republican majority ignore the people's opinion. President Clinton was elected, and re-elected, by the American people. It is not up to hypocritical and extreme initiators of a political campaign to force Mr. Clinton to resign, against the will of the majority of Americans, under the pretext of his private life.

Some people think the president should resign and hand over his position to Vice President Al Gore, who is currently considered to be the person most capable of portraying the values of the new democracy, which Bill Clinton had embodied until now.

Whether the situation evolves in this way or not, one can only condemn this diversion, which is not exclusively American. It is a step back, a moralistic, on the surface prudish — and as such distressing — and dangerously regressive change, especially when it is motivated by such mean politics.

Le Monde (Paris)

Look for Skill, Not Just Decency, After Clinton

By David S. Broder

WASHINGTON — The longer the White House scandal lasts and the more the public is forced by Congress and the independent counsel to confront details of presidential behavior people do not want to see, hear or read, the greater the chance this sorry matter will have long-lasting effects on American politics.

So far, almost all the attention has centered on what the Lewinsky affair may do, whether it will create a backlash against President Bill Clinton's political critics, or depress voter turnout in the midterm elections, and whether it will embarrass Democrats and embolden Republicans in November. But there is no certainty the impact will stop there.

The last time a scandal of such a scale rocked the presidency, in Watergate, it echoed for years.

Africa Is Missing Out on a Revolution

By Ethan B. Kapstein and Thomas A. Marten

PARIS — President Bill Clinton's plan for reigniting economic growth emphasized cooperation with Japan and Europe, debt restructuring, support for social safety nets, and strengthening the Export-Import Bank and International Monetary Fund. All of these are helpful in the short-run, but they do not meet the developing world's greatest economic challenge: joining the information age.

As every schoolchild in America and Africa now knows, the global economy runs on information. Computers are present in their homes and schools and in their parents' offices and factories.

But the developing world is deprived — there is no other word — of a tool that has become absolutely fundamental to our way of life. One in every four Americans is an Internet user; in Africa it is one in every 5,000, and people in rural areas are effectively shut out.

The developing world lost a generation of growth during the debt crisis of the 1980s. That decade corresponded with a moment of intense computer and software development and investment in the countries of the "North." As a result, a

growing wedge formed between the two, leaving the "South" even farther behind economically.

Africa missed out on the industrial revolution; now it is missing out on the information revolution. And as electronic commerce increases, it will become more costly to do business with African countries, making them less interesting for direct investment and even product marketing.

International trade negotiations are now focusing on electronic commerce, but many of the developing countries taking part in the global talks are standing by the wayside. Mr. Clinton wants to make these countries America's future markets; he cannot do so if they are locked out of the global economy.

In our view, there is no better place to speed money for foreign assistance than on the information superhighway.

One promising U.S. government program is the so-called Leland Initiative. It is a five-year, \$15 million effort to build

school class in the basement of the Plains Baptist Church.

It is the Carter example I find particularly instructive — and alarming. Let me stipulate at once that Mr. Carter is a highly admirable human being, a splendid example of unselfish public service. His humanitarian efforts have been justly praised.

But the Carter campaign of 1976 looks like an anomaly. Here was a former one-term governor of a middle-sized state, with no great record of accomplishments at home and no national recognition at the beginning of the election year. He won over a field of more credentialed Democrats and then defeated President Ford essentially by repeating a six-word incantation: "I will never lie to you."

Ripped out of historical context and viewed with cold-eyed skepticism 22 years later, it seems incredible that anyone could win the most powerful secular office on earth by making a claim at once so extravagant and so simple.

But at the time — after what the American people had seen happen in the White House — Mr. Carter's promise was like a drink of cool water for a nation wandering in a moral desert.

In 2000, the most powerful slogan in the presidential race may be even shorter than the one that elected Mr. Carter: "I will never embarrass you."

In a few weeks, a host of Republican contenders and probably more than one Democrat will be announcing for president. In every one of their speeches, you will hear variations on the pledge to "restore dignity to the White House and make the Oval Office once again a source of pride to Americans, not the subject of late-night jokes."

That is a change devoutly to be wished, but the Carter precedent sends another message: A man of fine moral character who lacks the necessary temperament and political skills will fail the test of presidential leadership.

If the developing world is to get plugged in, it must be on the basis of a combined effort of the major industrial countries, international lending institutions and private sector providers. Building a global information network represents an investment not just in emerging economies. It is good for democratization as well. Remember that faxed messages circulated by the Polish trade union Solidarity helped bring down the Iron Curtain.

President Clinton says that democracies are the outgrowth of economic freedom and the creation of a middle class. That is surely so, but without the free flow of information democracies simply cannot be built.

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10

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CALLING THE WORLD: GLOBAL VILLAGE FINDS ITS VOICE

Flexibility, ease of use and around-the-globe communications for the price of a local call.

Today, however, global business's growing need for top-quality telecommunications at lower cost is spurring major suppliers around the world to bring innovative telephony/Internet gateway solutions to the marketplace.

A report entitled "Market Opportunities in Internet Protocol Telephony: A White Paper, Second Quarter 1998," issued by Killen & Associates, a California-based market research and consulting firm, says: "The growth of the Internet creates new opportunities for Internet service providers [ISPs] and vendors of voice/data networking solutions. It also creates opportunities for enterprises." The report continues: "The essence of the market opportunity is to

enable these enterprises to use the Internet and/or their intranet instead of the public switched telephone network [PSTN] to significantly reduce their long distance telecommunications service costs." As a result, both phone-to-phone and fax-to-fax communications through the Internet and corporate intranets are now feasible business options.

Higher quality, lower cost
On the cutting edge of this technology is the Oki BS1200 Internet Voice Gateway (IVG), launched in March 1998 in the United States by the leading Japanese firm Oki Electric Industry Co. Ltd.

Set to be launched in Europe in October 1998, the IVG system delivers a compact, one-box "plug and play" solution for transmitting IP-packetized voice and facsimile data over TCP/IP networks. The device connects existing PBX-based analog phone lines and digital data networks, with no separate server required. It weighs only 7 kilograms and measures a mere 434 (w) x 350 (d) x 64 (h) millimeters. The European list price is equivalent to \$7,400.

Olki's BRI2100 Internet Voice Gateway offers better sound quality than cellular phones, costs less than other systems and is particularly easy to set up. In the United States, it was named Editor's Choice by two key industry magazines—Computer Telephony Integration and Internet Telephony—and received a Blue Ribbon Award from NetworkWorld, which noted that "setting up and connecting lines finished in about 15 minutes." Prospective European buyers will be able to judge for themselves at several trade-show demonstrations, including Voice Europe 98 (London, UK, Oct. 20-22), and Exponet Internet World, (Düsseldorf, Germany, Nov. 24-26).

Takashi Okuno, General Manager, Internet Telephony Products, Corporate Network Information System Division, Oki Electric Industry Co. Ltd. in Japan, identifies the network integration capabilities and data compression technology as two key elements of the BS1200.

"The potential market covers corporations of all sizes and at any location in which IP network infrastructure is available," he says. "Savings on communications costs can be particularly

significant for heavy long distance call and international call users." He adds, "Organizations that wish to develop LAN/WAN networks [local area networks and wide area networks] for intranet applications can also benefit greatly."

The BS1200 delivers around-the-globe telecommunications for the price of a local call. Often, savings on phone bills are so substantial that the initial investment is repaid over the first few months of operation.

Boosting capacity, adding value
By adopting an IVG system, businesses can simultaneously talk, fax and receive information from anywhere in the world at drastically reduced cost. Further, the IVG maximizes transmission capacity by using one "pipe" for voice, fax and data. It thus eliminates the cost and inconvenience of maintaining separate infrastructures for each.

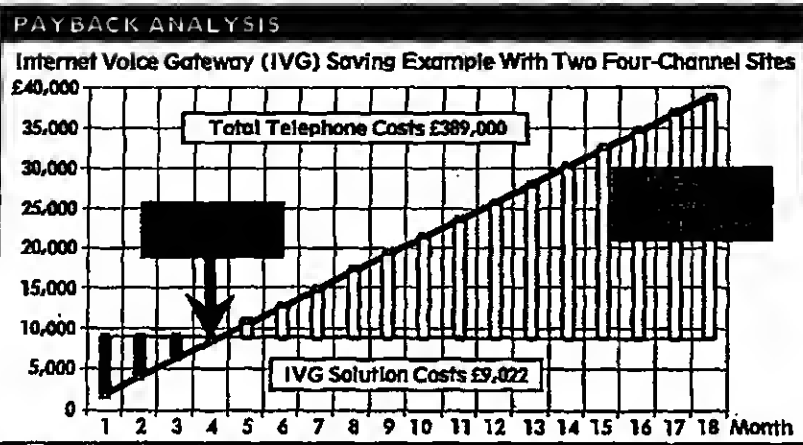
In addition, a gateway may enable a business to enhance the value of its LANs and WANs by carrying more traffic and/or more types of traffic over existing links. This feature is particularly significant in the case of WANs that employ dedicated lines. Characteristically, some lines become overloaded during peak periods while other channels remain underutilized.

Internet telephony procedures improve this situation dramatically, because they convert all transmissions into data packets. When voice com-

munications are converted into data, they consume much less bandwidth, allowing more types of communications to be sent at the same time. This generates additional cost savings, and in some instances may allow companies to eliminate some of their existing lines altogether. One possible drawback with such systems is that, since the messages are sent in packetized form, a certain amount of delay may be experienced before voice transmission is received. The length of this delay depends mainly on the number of routers through which the voice passes. Old calculations that under normal conversion circumstances, there should be no real problem with speech reception through international Internet connections, provided that fewer than a dozen "hops" are involved.

The state-of-the-art BS1200 incorporates open architecture design. This means that corporate users have continual access to leading-edge technology. Upgrading is easy, which maximizes the benefits of future technology and product advancements. System configurations can be expanded to fit the size and scope of the company's operation, and new sites can be added to the network at any time.

A worldwide market
The International Data Corporation counts 97 million Internet users worldwide, which makes the potential demand for IP telephone equipment and services enormous. Corporate users,



Old's payback analysis shows that a British company investing £9,022 (\$15,076) in the IVG solution breaks even in 4 months and saves £380,000 in long-distance costs after 18 months.

One-box design and open architecture make the BS1200 user-friendly and upgradeable.

Internet service providers and telecom carriers are all potential targets. According to recent projections made by U.S.-based consultants Frost & Sullivan, the value of the world market for voice over IP gateway telephony is set to expand from \$47.3 million in 1997 to nearly \$3.2 billion in 2002. By that second date, North America, Europe and Asia Pacific will account, respectively, for 49 percent, 29 percent and 16 percent of overall revenues, compared with 62 percent, 21 percent and 12 percent, respectively, at end 1998.

Killen & Associates estimates that by 2001, 35 percent of telephone calls around the world will be carried on packet networks. In addition, the number of Internet telephony users is projected to rise from 500,000 in mid-1998 to 16 million by 1999.

"Enterprises have developed a new global emphasis on improving service to customers while also achieving better workforce productivity. In support of these goals, workers can use IP telephony for new applications which increase information delivery, enhance current communications channels and develop new market opportunities," says Killen & Associates.

Innovation and customer choice
At the same time, buyers and users can look forward to an ever-widening range

of top-quality choices in a rapidly growing and highly competitive market. In addition to Oki, international firms that provide voice/data solutions — such as Cisco Systems, Lucent Technologies and MICOM of NorTel — are already battling for market share and profits, and introducing product improvements.


Okii is staying ahead of the game through its strong commitment to research and development and the search for innovative technology solutions.

Says Mr. Okumo, "We are currently taking an active role in developing new industry standards for future products and further improvement of QoS [Quality of Service] over the network."

Future applications for Internet telephony stretch far beyond simple voice and fax, and encompass unified messaging, interactive voice response (IVR), videoconferencing and multimedia collaboration, and call center integration. ●

"OK's INTERNET VOICE GATEWAY"
was produced in its entirety by the
Advertising Department of the
International Herald Tribune.
WRITER: Michael Rowe in Paris.
PROGRAM DIRECTOR: Bill Mahder.

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and talk
and talk
and talk
and save**

Finally, a one-box solution to long-distance cost savings. Introducing the Oki BS1200 Internet Voice Gateway.

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Old Electric Industry, Co., Ltd
10-3 Shibaura 4-chome,
Minato-ku Tokyo 108-8551
Japan
Tel: +81-3-5445-6346/6353
Fax: +81-3-5445-6363/6364
URL: <http://www.oki.co.jp>
Email: inv@dm1.aol.oki.co.jp

London Office
Central House, Balfour Road
Hounslow, Middlesex TW3 1HY
London, U.K.
Tel: +44-181-2192110
Fax: +44-181-2192205

Sydney Office
63-85 Victoria Street
Alexandria
NSW 2015, Australia
Tel: +61-2-9690-8225
Fax: +61-2-9690-8325

Old Network Technologies
1101 Cadellac Court,
Milpitas, CA 95035-3055
U.S.A.
Tel: +1-408-935-3331
Fax: +1-408-935-3337
URL: <http://www.oklnt.com>
Email: info@oklnt.com

Old Systems (Deutschland) GmbH
Hansardallee 187, D-40549,
Düsseldorf, Germany
Tel: +49-211-5266-0
Fax: +49-211-593345

TribTech

Internet Communications on the Wings of Angels

By Mike Mills
Washington Post Service

Company Plans Nonstop Air Link Over Cities

WASHINGTON — There is a new airline in the making that would offer three flights daily, nonstop.

But these would be planes to nowhere: Each would reach a stratospheric altitude of 51,000 feet (15,450 meters), circle around for eight hours, then land as another took off to replace it. The pilot and co-pilot would be the only ones aboard. And instead of pretzels, this airline would serve high-speed Internet access to paying customers in major urban areas.

It is the creation of Angel Technologies Corp., a St. Louis company that plans to use planes with 4,000 pounds of communications gear as payload and a large antenna strapped to the fuselage. The Angel HALO (high-altitude, long-operation) planes would run tag-team missions above selected cities, serving as many as 50,000 subscribers in coverage circles of 50 to 75 miles in diameter.

Anyone in those circles who was equipped with a small dome-shaped

receiving antenna would be able to send and receive full-motion video, Internet material and phone calls.

Angel is the brainchild of Marc Arnold, Peter Diamandis and David Wine, three aerospace and communications entrepreneurs who cooked up the idea during a weekend retreat at Mr. Wine's home in the Colorado foothills.

"We were looking at a cover of Popular Science, which showed the Pathfinder aircraft setting altitude records, and said, 'Wouldn't it be great if you could use something like that to send a communications system 10 miles above a city?'" Mr. Diamandis said.

To design and build the plane, the trio tapped the aircraft designer Burt Rutan, part of the family team that built and flew the Voyager aircraft that in 1986 circled the world in nine days without refueling.

Wyman-Gordon Co., the parent company of Mr. Rutan's design firm, Scaled Composites, plans to announce a deal to build HALO planes, perhaps as many as 100, at a

total cost of \$760 million. Thirty cities would be served, the first being Los Angeles. When the service might begin is unclear; the company is still raising money.

Angel's plan is not exactly a conventional way to build a communications system. That gives rise to the venture's biggest obstacle: persuading the telecom industry, particularly service providers who would lease antenna capacity, to believe in Angel.

Angel's founders would like their idea to be taken as seriously as other wireless Internet projects that are more expensive and better known. Among them is Teledec, a venture backed by the cellular pioneer Craig McCaw and the Microsoft Corp. chairman, Bill Gates, that would ring the world with hundreds of low-orbiting satellites. Two land-based ventures, Teligent and WinStar, are building networks of transmission towers to carry Internet signals.

But industry analysts tend to compare Angel with Sky Station International, former Secretary of State Alexander Haig's lofty project to beam Internet

transmissions down to cities via football field-sized balloons that would hover in the stratosphere.

"I have significant concerns about a telecommunications infrastructure that has to fly and be refueled," said Daniel Ernst, a senior analyst at Strategis Group, a Washington research firm. "To use planes for someone's core communications needs sounds like a risky venture. They may have a tough time convincing customers that it's a service they can absolutely rely on."

Angel's chief technology officer, Nicholas Colella, responds that HALO planes are more reliable than satellites and have much better coverage than land-based wireless systems.

FedEx, he points out, has proved that aircraft are trustworthy carriers of timely data. Angel's planes would fly far above commercial air space and bad weather and could land at either small or large airports.

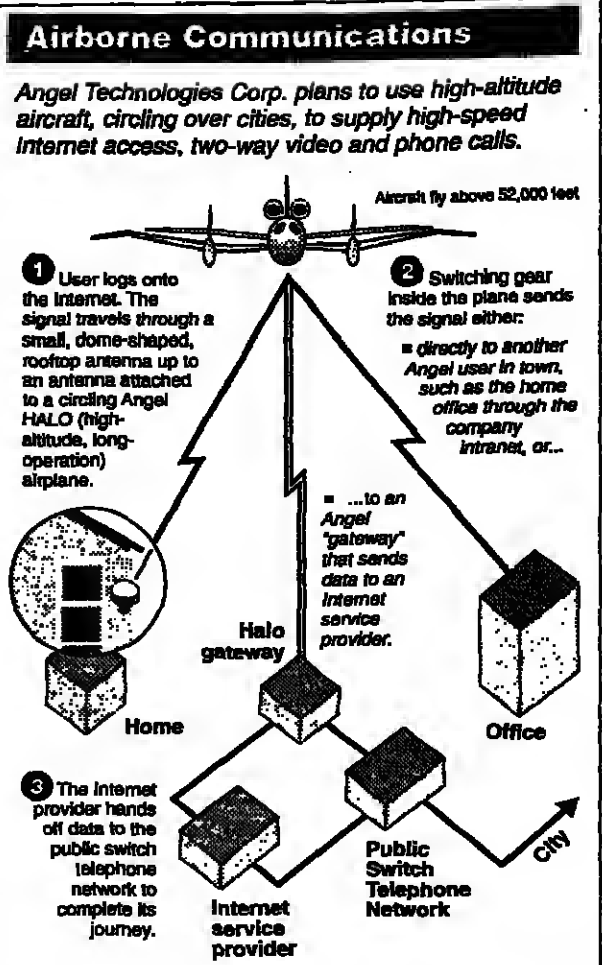
And unlike satellite systems, the communications payload on Angel's planes could be upgraded as new technology became available. There also is no danger of an ex-

pensive launch failure such as the one two weeks ago, in which a would-be wireless satellite phone provider, Globalstar, lost 12 satellites when a Ukrainian rocket blew up.

And instead of spending billions of dollars up front to create the instant infrastructure of a global satellite constellation, Angel could deploy its system as markets materialized.

Service for 50,000 customers in a large city would cost about \$75 million to put in place, Mr. Diamandis estimates. It is hard to say precisely how that figure stacks up against a land-based system. But Angel's proponents say that the service would be better — it would give ubiquitous coverage without the problems of buildings getting in the way of signals and without the weather interference that can trouble land-based wireless systems.

But Angel's guardians do not want to be dismissive of the land-based services — they need them as customers. Because Angel does not own the rights to any airwaves (the company decided to stay out of recent auctions for high-frequency licenses), it would have to form alliances with ground-based services or satellite operators who own the licenses.



TECHNOLOGY INDEX			
A glance at technology stock indexes around the world			
North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	322.98		11.56
Standard & Poor's Technology Composite	874.41		24.93
Europe			
Morgan Stanley Eurotech	494.77		28.44
Asia			
Topix Electric	1431.71		-12.92

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Alcatel Profit Warning Hammers Entire Sector, Sept. 18
- German and French Telecoms Get Closer, Sept. 18
- Alcatel Weighs 'Significant' Share Buyback, Sept. 19-20
- Philips and EMI Set Stage for Gloomy Reports, Sept. 22
- Sony and Schwab Discuss Bringing On-Line Trading to Japan, Sept. 23

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to tribtech@ihl.com.

Computer Chiefs Give Europe's Efforts Mixed Reviews

By Victoria Shannon
International Herald Tribune

PARIS — In a coincidence of timing, the big guns of some of the world's leading computer companies all came to Paris to deliver their messages in person to the European technology community this month.

But while these prominent personalities agreed in many broad areas — on the importance of education, on the power of the Internet and on the need for more raw computing power — their public comments diverged in ways that could leave technologists confused about Europe's place in the networked world.

Bill Gates, appearing at the annual IDC European Technology Conference, seemed to say that Europe was catching up to the U.S. technology tsunami, that the European environment for Microsoft Corp.'s business had improved and that executives here recognized the need for technology investment.

But Craig Barrett, chief executive of Intel Corp., at a seminar Monday for information technology executives bemoaned Europe's reliance on government regulation, its tax barriers and its high cost of electronic communications.

Steve Jobs, at the annual Apple Expo here last week, brought Europe his newest products and technology, his gratitude for its continued support of Apple Computer Inc. and his charismatic promise not to pull back in the near future.

Perhaps these leading luminaries of the computer scene came off in such different ways because, simply, there still is not a single Europe to talk to: Just as they are culturally and linguistically, European countries are technologically independent and dissimilar.

For instance, to Apple, France represents its biggest and healthiest European market. It is the place that Mr. Jobs said — to a crowd that welcomed him with a standing ovation — "always

understood what Apple was trying to do, that understood that computers were for more than just getting the job done, that they were for getting the job done better." It was a sympathetic and warm assessment.

But to Intel, France represents the only country in Europe where it cannot conduct business-to-business sales on the

Apple sings praises, but Intel remains frustrated.

Internet, because of restrictions that the government says are for national-security reasons. "We have basically introduced that program everywhere around the world — with one exception," Mr. Barrett said in an interview this week.

Even to simply demonstrate new technology capabilities at its seminar Monday, Intel had to apply to the security office of the French government for a special exemption from the soft-

ware law, good for 48 hours.

"To stand up and try to isolate a country or a geographic region from this [technology wave] and deny the fact that it's going to happen I don't think is particularly wise," Mr. Barrett said.

If Mr. Gates, Mr. Barrett and Mr. Jobs had one common word in their mixed messages, for Europe as well as the rest of the world, it was "simplicity."

A new Apple advertisement about the three steps needed to connect to the Internet emphasizes that the iMac computer is so simple that there are really only two steps.

"We think simplicity's really important, and we think we have a dramatic advantage over our competition," Mr. Jobs said.

A lack of simplicity, Mr. Barrett said, "is an industry problem."

At Microsoft, "simplicity is probably our top priority today," Mr. Gates told his Paris audience.

Victoria Shannon edits TribTech. She can be e-mailed at tribtech@ihl.com.

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MORE THAN A CONNECTION

TribTech

Endless Bummer

With the Internet, Surfers Say,
Anybody Can Find Perfect Wave

By Rene Sanchez
Washington Post Service

MALIBU, California — There was a time when the surfing tribes who lived or roamed along the Pacific Coast Highway to catch some waves could keep cherished patches of water mostly to themselves. But more than ever, young hard-core surfers are being forced to share waves with a new breed of interlopers, including many middle-aged professionals who are using the Internet and other sophisticated technology to get instant tips on where to find the best breaks or once-secret swells.

This surge of information is creating a surfing showdown along the coast, and at times it is an ugly sight.

In some places throughout Southern California, locals have resorted to spray-painting the lenses of cameras that entrepreneurs are placing atop beach houses, hotels and cliffs to relay up-to-the-minute footage of the ocean to the Internet for surfers looking for the next perfect wave. At other sites, outsiders have had tires slashed and have been threatened, punched or pelted with rocks — harassment known in surfing circles as "localism."

What was once the ultimate expression of California cool, it seems, is becoming another victim of California gridlock.

"It's getting way super-crowded out there," Adam Vins, 19, said on a recent morning during a break in a surfing contest in this beach community just north of Los Angeles.

"You got the Web exploding with all these new sites telling everyone where to go every day, and suddenly you got all these old guys saying, 'Hey, I can

still do it.' It's annoying."

In some respects, the acrimony in the water is not entirely new. Graying surfers and historians of the sport say that as far back as the late 1950s, when filmmakers began glorifying California's surfing culture, locals complained that their secret spots were being exposed. But the speed and scope of the technology available today make those old complaints look quaint.

Along with the cameras, which surf shops and on-line companies post along the beach to promote waves on dozens of Internet sites, are an array of new phone services that high-tech surfers can dial for daily, or even hourly, scouting reports. "Those sites are getting thousands and thousands of hits a month," said Steve Hawk, editor of Surfer magazine. "It's eliminating the advantage that surfers who live near the beach always used to have."

To the dismay of surfing purists, companies also have begun tracking wave patterns from as far away as New Zealand and pinpointing the time and place they will reach California shores.

Surfers can even buy pagers that be set to beep when waves reach the



Surfers catching a wave at Huntington Beach, California. The ocean is being crowded out by outsiders or former surfers using the Internet to discover the best breaks or once-secret swells.

height they specify in the locations they select and program. Surfers call it "humping a swell!" — and they are divided on whether it is a blessing or a curse.

THE trends in technology, along with the fact that surfboards have never been lighter or sturdier, are luring droves of the middle-aged back to a pastime they abandoned in their youth or regretted out trying years ago — and setting off a boom in the business.

In some surf spots, it is not unusual to see professionals paddling into the water carrying trappings of their jobs — pagers or cellular phones in waterproof cases. "I've seen guys on the phone out there while they're waiting for the next wave," said Pierce Flynn, 44, executive

director of the Surfrider's Foundation, a nonprofit beach-preservation group.

SITES

Daily updated video clips and detailed surf reports with links to surf cam locations can be found at: www.surfcheck.com

The Real Surfing site offers many links, surf reports, weather and other surfing information for locations around the world at: www.real-surfing.com

The Malibu Surfing Association's Web site dedicated to preserving and promoting the classic art of longboard surfing can be found at: msa.eartbiz.net

BRIEFLY

GOTCHA ON THE SPELL-CHECKER: The Internet has been buzzing with all sorts of pranks and trivia related to President Bill Clinton's troubles. But an e-mail tip widely circulated last week made the programs of Microsoft Word, the word-processing software, seem predictive.

The tip was this: Type the sentence "I'd like to see Bill Clinton resign" in a Word document, highlight it, and then run it through the program's thesaurus. The waggish thesaurus retorts with the phrase "I'll drink to that."

Did political oracles help compile Word? No. As it turns out, the Word thesaurus issues the same response with

the phrases "I'd like to see Bill Gates go broke" and "I'd like to see my stocks go up" — and any other phrase beginning with simply "I'd..."

Planting hidden pranks in software is a time-honored programmer's tradition, of course. But "I'll drink to that" was not the result of programmer mischief. Rather, explained John Duncan, a Microsoft product manager, the natural language thesaurus in Word offers phrases, listed alphabetically, that it considers to be possible alternatives for the word used. (NYT)

THE NEXT BIG THING? Mixing technical and political evangelism, the

annual Telecom conference, sponsored by George Gilder and his libertarian friends from Forbes magazine, is one of the highest-powered gatherings of technology experts that is held in the United States.

But at this year's conference, held last week at Lake Tahoe, California, the most provocative moment came when Paul Jacobs, a top executive for Qualcomm Inc., conducted a private late-night demonstration of his company's latest creation: a digital wireless phone fully integrated with a Palm Pilot handheld computer.

The new Qualcomm product, called the pdQ, will not be widely available

until next year. But if it lives up to Mr. Jacobs' demonstration, it could become the most popular item among the techno-elite since the Palm Pilot itself.

The potential importance of the pdQ goes beyond novelty, however.

Digital experts these days are betting that the ultimate challenge to Microsoft's desktop dominance will not come at the desktop but from mobile devices that blur the line between computing and communications. The pdQ could be the first to fulfill that vision.

The potential applications range from e-mail messages that will automatically dial a phone number to wireless stock trading over the Internet. (NYT)

ALT / Commentary

Remember Typewriters?
They Have Their Pluses

By Clyde Haberman
New York Times Service

NEW YORK — You have probably already read, and you can expect to read a lot more in the coming months, about something called Y2K, which is shorthand for the programming bug that will prevent zillions of computers from recognizing the year 2000 when it comes around because they were weaned on a two-digit system for dates. This year, for instance, is rendered simply as 98, with the 19 assumed.

Expectations are that many machines will go cross-eyed with the approaching double-ought rollover, believing that we are back in 1900 and not in 2000.

Terrible consequences have been predicted. But even if you are among those who suspect the world will somehow muddle through, you have to sneer at a technology that lacks the sense God gave a desk calendar.

Martin Tytell had to laugh. Y2K? "To tell you the truth," he said the other day, "it doesn't bother me at all."

Of course it doesn't. Computers are meaningless to Mr. Tytell, who at 85 is one of the few remaining typewriter repairmen in New York City.

Mr. Tytell has been building and repairing typewriters for 70 years, the last 30 in a crowded shop up a flight of stairs from Fulton Street in lower Manhattan. In his bow tie and white lab coat, a pen planted in the breast pocket, he is master of a realm of cogs and key caps, of rollers and ribbons, all competing for space with hundreds of typewriters in English, German, Russian, Greek, Hebrew, Arabic, Farsi, you name it.

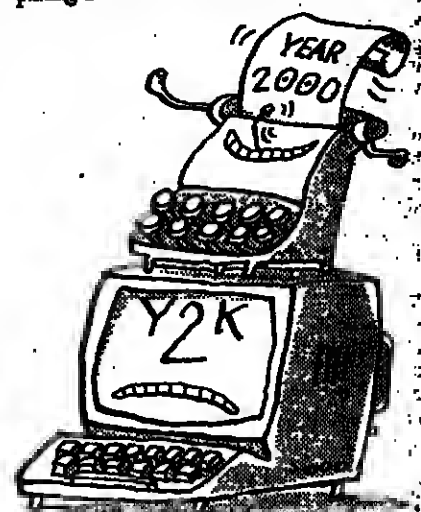
Every few years, someone with a pen and notepad climbs the stairs to see how this throwback to the pre-computer age is getting along. The visitor is always rewarded with grand tales of how Mr. Tytell and his wife, Pearl, verified documents by the typewriters that were used, how during World War II they built machines in 145 languages for the U.S. Army, how an upside-down letter in Burmese inadvertently installed by Mr. Tytell became the accepted standard for all Burmese typewriters.

The purpose of the journey this time was to see whether computers had finally dealt typewriters a fatal blow. Fortunately, the answer was no.

Young people, women in particular, for some reason, have shown new in-

terest in the old machines, Mr. Tytell said. "Some gal graduated from Barnard, and her family decided to make her a present of the typewriter that her grandma used, with champagne and everything," he said. "Something's going on there."

As he talked, a young man from Brooklyn carried in a slightly battered Mercedes Selecta, an antique manual typewriter that he had bought at a yard sale as a gift for his girlfriend, an aspiring author. "She wants to write with



the same tools Hemingway wrote with," the Brooklyn man explained.

Mr. Tytell says that typewriters have, a soul, unlike you know what.

Is there any question which kind of machine is healthier for you? In the typewriter's heyday, you never heard about repetitive stress injury, or about eyestrain from staring at blinking images.

Typewriters also fostered mental health. Think of all the computer weirdos, you read about these days, like the cybercruisers who committed mass suicides last year. You never had anything like that with the Smith-Corona crowd.

As for durability, "You show me the computer that's going to last 15 years," Mr. Tytell said.

"But with these" — his hand swept across a row of old Olympias — "you wipe them off, and they're good for another 20 years."

And he expects to be around to oversee them, if not for decades then certainly beyond the irrelevant Y2K.

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THURSDAY, SEPTEMBER 24, 1998

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Brazil's Leader Shifts Aid Stand

Cardoso Now Open to IMF Help

BRASILIA — President Fernando Henrique Cardoso said Wednesday that he would support international aid to shore up the country's battered finances, reversing previous reluctance on this.

With \$120 billion in government debt due before the end of the year, Brazil needs to instill confidence among investors, who have been wary of buying government securities because of rising interest rates and the threat of a devaluation.

Mr. Cardoso's comments — in the midst of his re-election campaign — bolstered optimism that Latin America may avoid the devaluations and recessions plaguing Asia.

Brazil's benchmark stock index jumped 10.98 percent.

"I am convinced that the G-7 countries and the international institutions should make sufficient resources available to international institutions to create a crisis prevention fund to be used in case of necessity by the Latin American countries," Mr. Cardoso said in a speech.

His request for aid — a condition set by lenders such as the International Monetary Fund and the Inter-American Development Bank — is the latest move in a campaign to stem capital flight that has drained more than \$15 billion this month.

Benchmark interest rates have been pushed to 49.75 percent as the government's foreign reserves shrank to below \$50 billion from \$75 billion in mid-August.

J.P. Morgan & Co. forecast the economy would slip into recession next year, shrinking up to 2 percent because of

rising borrowing costs.

The Inter-American Development Bank approved Wednesday a \$1.1 billion loan for Brazil, the largest in the history of the organization, a bank official said.

"If it is in the country's interests to carve out a deal with these institutions, we will," said Mr. Cardoso, referring to the IMF and the Inter-American Development Bank.

Brazilian media reports say that the country's creditors could make a possible credit line of \$50 billion available to the country. Finance Minister Pedro Malan said in an interview that a \$26 billion package is in the works.

Mr. Cardoso, who has already slashed government spending to insulate Brazil from the emerging markets crisis, announced that he would implement a plan to cut the budget deficit by cutting spending further and "if necessary, increasing taxes."

The program to reduce the deficit would be implemented in the coming weeks, "regardless of who is elected president" in the forthcoming elections, he said. The first round is Oct. 4.

"I am determined to make the sacrifices necessary to get the economy



Brazilians passing a poster on Wednesday, put up by a labor union, showing Mr. Cardoso with a machine gun, astride health service workers, civil servants, the landless and retired.

growing again," Mr. Cardoso said, referring to the woes that Brazil has suffered as part of the global financial crisis.

He said the fiscal adjustment package, which will be presented in November and will span 1999 to 2001, would begin to show results in 1999.

"Tackling tax evasion and increasing the number of people paying taxes," he said, would be a key plank of the package to cut the budget deficit, which at \$55 billion now equals more than 7 percent of nation's \$800 billion gross domestic product.

Not in a live television address, Mr. Cardoso warned: "The state must live within its means and stick to its spending limits in order to solve this problem once and for all."

"The state cannot convert itself into a

burden on the economy."

Mr. Cardoso also reiterated his determination not to devalue, stressing that he "would do everything possible to protect the real," Brazil's currency.

The deficit makes the country vulnerable to swings in interest rates and a weaker currency. Two-thirds of Brazil's \$300 billion of domestic debt is floating-rate securities. Another large chunk is pegged to the dollar.

The key to the budget cuts is an overhaul of pension laws, which has been stalled in Congress since 1995.

Brazilian law allows people to retire early, inducing many people to leave jobs before the age of 50 and accumulate benefits that will make the government pay some \$7 billion this year more than it collects in pension taxes.

(Bloomberg, AFP)

IMF Admits Making Errors in Asia Crises

But Camdessus Says Worst Is Over for Some

FRANKFURT — The International Monetary Fund has made errors in predicting and preventing the financial crises rocking southeast Asia and Russia, the IMF's managing director, Michel Camdessus, said.

In an interview with the German weekly Die Zeit to be published Thursday, he said that the IMF had not been properly informed about short-term capital movements and should have done more to monitor the financial sectors.

"Yes, we have made mistakes," he admitted. "For instance, we did not take notice of information on short-term capital transactions soon enough. But either the authorities in the crisis countries did not have the data then or they did not want to release them because they were so worrying."

Separately, Mr. Camdessus said in Paris that Japan was set for recovery in the second half of next year. He said that for several Asian countries, at least, "the worst has passed."

In Japan, the motor for Asia's economy, "the second half of next year should be the year of recovery" following a "catastrophic" year during which the economy was likely to contract by 2.5 percent or more, he said.

Other Asian countries would begin to recover in 2000 or 2001, Mr. Camdessus said, adding that "growth would already have begun to recover if we had not had a crisis at the heart of the crisis, which is the Japanese crisis."

Mr. Camdessus told Die Zeit he was "very concerned" about the situation in Malaysia, saying state controls were too substitute for sound economic policy.



Mr. Camdessus forecasts recovery.

Prime Minister Mahathir bin Mohamad has announced sweeping currency controls to insulate the battered economy including a fixed exchange rate and plans to abandon the convertibility of the ringgit starting next Thursday.

The IMF warned Malaysia this month that its controls on capital flows must be only a short-term measure, reminding it not to back away from financial reform.

"The measures will isolate the country from the rest of the world in the long term," Mr. Camdessus said.

But he pointed to success in parts of Southeast Asia, saying IMF aid programs were beginning to show fruit after successive crises in Thailand, Indonesia and South Korea. Trade figures have improved in these countries, he said, inflation is under control, and interest rates have gone down.

Mr. Camdessus said he was in Asia "when it became horrifyingly clear that the problems in Russia were very similar, it was struggling under macro-economic imbalances, a sick banking system and crookedness."

Russia's new cabinet is due to unveil its prescription for the country's chronic economic malaise Thursday.

But Anatoli Chubais, Russia's former envoy to the IMF, said in an interview published Wednesday that only IMF money could save Russia from a "catastrophe" and added that the government would have to put together a convincing program to secure the IMF's confidence — and loans.

Mr. Camdessus said in Paris that he would want Prime Minister Yevgeny Primakov of Russia to save the ruble and the country's budget and restructure domestic debt in a "civilized" way for creditors before the IMF would resume its loan programs.

Oil Firms' Chiefs To 'Brainstorm' Amid Hard Times

LONDON — Heads of some of the world's biggest oil companies will meet in Italy at the end of next week with their industry facing depressed prices and an uncertain future.

The meeting, Oct. 3 and 4 in Venice will gather top executives from about 20 oil companies to discuss restructuring, technological changes and geopolitical issues including the Asian crisis and developments in the Middle East and the former Soviet Union.

Nader Sultan, deputy chairman of Kuwait Petroleum Corp., said the meeting was one of three or four normally held each year among the heads of the world's major oil companies. These are "brainstorming meetings on whatever is topical at the time they meet," he said, adding that he had "no great expectations" for the meeting.

Petroleum Finance Co., the consulting firm that will be the host for the meeting, said it would "provide a discreet forum at the highest commercial level, as opposed to political level."

Oil prices, which are near a 10-year low and down about 22 percent from a year ago, will not be discussed, because the meeting was convened before the latest price collapse, said Mohammed Abduljabbar, a senior advisor at Petroleum Finance.

While some say the meeting will be a way for companies to reinforce relationships and seek opportunities to work together, others place less importance on it because it is not an emergency meeting.

"It's not unusual to hold industry meetings of this sort," said Stefan Rating, a spokesman for the European competition commissioner, Karel van Miert. "Obviously we'll look at whatever topics they're planning to discuss, but we don't prima facie think it'll be anything controversial."

(Bloomberg, AFP)

ECONOMIC SCENE

Euroland Asking Questions About Italy and Ireland

By Alan Friedman
International Herald Tribune

ROME — Much has been said in recent days about the need for European interest rates to converge, presumably at around the 3.3 percent level of German and French rates, by the time the euro is launched in January by 11 countries. But in some — Italy and Ireland in particular — stubborn national interests have yet to give way to the harmonious and cooperative spirit that is supposed to characterize Euroland.

The European rate debate gained prominence last week, when Hans Tietmeyer, the Bundesbank's still-influential president, first rejected a suggestion from President Bill Clinton of globally coordinated rate cuts as a solution to the emerging markets crisis. Then he reminded the high-rate countries in Euroland that they should be bringing rates down to achieve a single rate for all members of the euro, as required, by year-end.

Bringing down rates in these countries should also spur growth in an area that accounts for about a third of the gross domestic product of Euroland.

Yet, this week the head of the European Central Bank, Wim Duisenberg, said he feared that instead of there being a gradual converging of interest rates in the 100 days before the launch of Europe's single currency, there could be "a steep fall in a single day."

Neither Mr. Tietmeyer nor Mr. Duisenberg named names, but economists immediately understood that they were talking about some of the five countries — Finland, Ireland, Italy, Portugal and Spain — that still have rates higher than 3.3 percent.

Finland, where the rate is 3.4 percent, is not a problem. Likewise, Spain and Portugal, with rates of 4.25 percent and 4.5 percent, are perceived as euro-team players that are likely to move ahead with a glide path of downward rate moves between now and Christmas.

It is true that Spain's growth rate is much higher than the likely Euroland average for 1998, which should be about 2.8 percent. Spain reported Wednesday

that its economy was running at a 3.9 percent annualized pace in the second quarter. (Page 15)

And since low interest rates are already boosting consumer spending and investment in Spain, there is a chance that bringing rates down to 3.3 percent could cause some overheating. But for Spain this is a marginal problem, as the additional boost gained from lower rates should be balanced against the backdrop of much slower global growth in general.

Italy and Ireland, by contrast, are two Euroland members with differing yet substantial domestic problems that have kept interest rates dramatically high. Italy's central bank rate is 5 percent, while Ireland's is 6.19 percent.

In Italy, despite a steady stream of calls for lower interest rates from politicians, union leaders, industrialists and economists, and despite overwhelming evidence that 1998 growth is running at an anemic 1.7 or 1.8 percent, the central bank governor, Antonio Fazio, has refused to budge since April.

Many economists believe that irrespective of the need to bring Italy's rates down by more than 1.5 percentage points this side of January — a hefty reduction — Mr. Fazio is still conducting monetary policy with a traditional, domestic orientation.

What this means in practice is that beyond keeping rates high as a way of safeguarding the lira at a time of global market turmoil, the Bank of Italy is keen to continue to use interest rate cuts as a reward for the successful approval of the country's annual budget, which is due to be presented at the end of this week but which could take months to approve.

Indeed, the risk of a political crisis is palpable, as the Reformist Communists are once again demanding more public spending on job creation as the price of their support for the budget law in Parliament.

Alison Cottrell, an economist at PaineWebber in London, notes that "Mr. Fazio keeps referring to domestic money supply numbers, which is quite a pedantic line at this stage in European

convergence and almost sounds like an excuse for not cutting rates."

Ms. Cottrell predicts that "if Prime Minister Romano Prodi presents a budget that the Communists reject, I am sure Mr. Fazio will delay interest rate cuts until late December."

Ireland has a different problem. With a skilled labor market, continuing inward investment, a booming export sector and low corporate taxes, Ireland has become, in the words of Ms. Cottrell, "a Celtic tiger economy."

Anticipation of the inevitable and sharp interest rate cut of nearly 3 percentage points that will occur in Ireland has already brought down mortgage and long-term interest rates and has helped

to power economic growth that could be more than 9 percent this year.

When Irish interest rates drop from 6.19 percent to as low as 3.3 percent, the economy will risk overheating, and that is a genuine consideration.

Ultimately, the effect of interest rate convergence will be to bring down the overall average rate among the 11 countries launching the euro from its present 3.74 percent to 3.3 percent.

That, says Holger Schmieding, an economist at Merrill Lynch in London, amounts to an effective half-point rate cut for Euroland. The effect of the cuts, of course, will be felt at first more in peripheral Europe, in countries such as Italy, Spain, Portugal and Ireland.

Expatriates' Families Get New Attention

By Diane B. Lewis
The Boston Globe

BOSTON — As global trade has grown, corporate America is doing a lot more to prepare executives for overseas assignments, and that means responding to the needs of spouses and children.

Take, for example, Gillette Co., based in Boston. After an executive is selected for overseas travel, Gillette sends the employee and spouse overseas for a weeklong visit designed to help the family look at schooling, housing, and neighborhoods and help them iron out relocation concerns before a permanent move is made, said Frank O'Connell, director of global compensation for Gillette.

In New York, Windham International, a consulting firm that specializes in helping executives relocate abroad, said revenue from executive relocations overseas accounted for 42 percent of its sales revenue. The company assigns advocates, or "buddies," to employees' spouses and children.

To assist employees in the transition, Berlitz does cross-cultural training and language instruction for the entire family — a significant change from the company's early reputation as an international language institute that focused on offering instruction to the rich.

Ms. Dolins recalls an employee who returned home abruptly after only one year, several months after his wife had thrown up her hands and returned to the United States. "His wife hopped a plane after only two months abroad, and now they are getting a divorce," said Ms. Dolins. "He felt the whole family fell apart because of the assignment."

At the Monterey International Institute in California, employers pay a minimum of \$9,000 for a six-week language "camp" that teaches

the executive the host company's language and prepares his or her spouse and children to live abroad.

"It costs companies a fortune to send someone overseas," said Jeannie Watts, program manager for custom language services at the Monterey Institute. "It is a much better investment if the expatriate and his family are able to speak the language, understand the culture and are not living in an English-speaking ghetto where they cannot communicate with

anyone but people who speak English."

Students refer to the courses as "boot camps" because Monterey suggests that executives divorce themselves from the company, stay away from the office, and disconnect the telephone during the six weeks. Some are so committed to the process that they stay in area hotels. Others, typically executives from foreign countries who are learning English, are placed in American host homes.

Christian Dior

1998 first half results

For the six months to the end of June 1998, the Christian Dior Group turnover was FF 21,026 million and net income from operations — before amortisation of goodwill — was FF 665 million, compared to FF 22,176 million and FF 776 million respectively for the equivalent period in 1997.

(million FF)	1st half 1998	1st half 1997
Turnover	21,026	22,176
Net income from operations before goodwill amortisation	1,881	2,285
Of which share of the Christian Dior Group	665	776
Net income	1,773	2,102
Of which share of the Christian Dior Group	746	699

Christian Dior Couture turnover was FF 635 million, slightly above the 1997 level. The increase in direct sales recorded by the retail network in Europe and in the United States, particularly in the ready-to-wear for women which has increased by more than 50% since the arrival of John Galiano, enables the Company to compensate for the weakness in the Asian markets.

The net income recorded a loss of FF 36 million, due to the revised strategy aimed at phasing out agreements with licensees and increasing sales through the retail network. In particular, the net income figures were affected by the sharp decrease in license revenues resulting from the phasing out of licensees in Japan. In the medium term, however, the new strategy should enable the Company to more than recoup the reduction in net income caused by this phasing out of license agreements.

The outlook for the second half of 1998 should be assessed with caution, as the Group's economic environment is deteriorating. Though sales volume in Japan remains satisfactory, the economic situation in the rest of Asia was further affected by the decline in the value of the Japanese yen. In addition, new sources of uncertainty recently emerged in other parts of the world, notably Russia and Latin America, and the weakening of the US dollar is beginning to weigh on European economies. Under these circumstances, the Group expects to post a decline in profitability for 1998 as a whole.

A dividend prepayment of FF 6.30 per share will be paid on December 1, 1998.

CURRENCY & INTEREST RATES

Cross Rates									
	1	2	3	4	5	6	7	8	9
Australia \$	1.5025	1.5025	1.5025	1.5025	1.5025	1.5025	1.5025	1.5025	1.5025
Brussels	34.80	34.80	34.80	34.80	34.80	34.80	34.80	34.80	34.80
Frankfurt	1.486	1.486	1.486	1.486	1.486	1.486	1.486	1.486	1.486
London	1.62	1.62	1.62	1.62	1.62	1.62	1.62	1.62	1.62
Madrid	164.04	164.04	164.04	164.04	164.04	164.04	164.04	164.04	164.04
Mexico	16.75	16.75	16.75	16.75	16.75	16.75	16.75	16.75	16.75
New York	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34	1.34
Paris	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Tokyo	113.75	113.75	113.75	113.75	113.75	113.75	113.75	113.75	113.75
Zurich	1.486	1.486	1.486	1.486	1.486	1.486	1.486	1.486	1.486
1 USD	1.107	1.107	1.107	1.107	1.107	1.107	1.107	1.107	1.107
1 EUR	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36
Closures in Amsterdam, London, Milan, Paris and Zurich, dealings in other centers New York at 4									
P.M. and Toronto rates at 2 P.M. EST. To buy one pound: To buy one dollar: Units of 100 N.C. not quoted N.A. not available.									
a. To buy one pound: b. To buy one dollar: Units of 100 N.C. not quoted N.A. not available.									
Other Dollar Values									
Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	0.0099	Greek drac.	200.48	Malay ringg.	2.33	Philippine peso	46.5	South African rand	10.7
Australian \$	1.5025	Hong Kong \$	0.1201	N. Zealand \$	2.0442	S. Korean won	140.50	Singapore dollar	1.36
Canadian \$	1.107	Indian rupee	47.5	Thai baht	46.5	Taiwan dollar	24.6	Sri Lankan rupee	200.0
Chinese yuan	8.2788	Indonesian rupiah	1,677	Uruguayan peso	24.0	Vietnam dong	200.0		
Czech koruna	30.76	Israeli sheq.	4.837						
Danish krone	6.46	Israeli sheq.	4.837						
East German mark	1.00	Israeli sheq.	4.837						
French franc	6.55	Israeli sheq.	4.837						
German mark	1.36	Israeli sheq.	4.837						
Italian lira	1,936	Israeli sheq.	4.837						
Japanese yen	113.75	Israeli sheq.	4.837						
South Korean won	140.50	Israeli sheq.	4.837						
Sri Lankan rupee	200.0	Israeli sheq.	4.837						
Taiwan dollar	24.6	Israeli sheq.	4.837						
Thai baht	46.5	Israeli sheq.	4.837						
Uruguayan peso	24.0	Israeli sheq.	4.837						
Vietnam dong	200.0	Israeli sheq.	4.837						
South African rand	10.7	Israeli sheq.	4.837						
Sources: ING Bank (Amsterdam); KBC Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (DCR) Other data from The Associated Press, Bloomberg and Reuters.									
Forward Rates									
Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day	Currency	30-day
Pound Sterling	1.4778	1.4752	1.4724	Japanese yen	136.01	135.42	134.80	Swiss franc	1.5025
Canadian dollar	1.5306	1.5304	1.5303						
Deutsche mark	1.4854	1.4825	1.4797						

سكنا من الاصل

NASDAQ

Wednesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar volume, updated twice a year.
The Associated Press.

Stock	Open	High	Low	Close
IBM	100.00	100.00	100.00	100.00
Microsoft	50.00	50.00	50.00	50.00
Apple	20.00	20.00	20.00	20.00
Oracle	10.00	10.00	10.00	10.00
Sun	5.00	5.00	5.00	5.00
HP	3.00	3.00	3.00	3.00
Intel	2.00	2.00	2.00	2.00
Motorola	1.00	1.00	1.00	1.00
Verizon	0.50	0.50	0.50	0.50
AT&T	0.25	0.25	0.25	0.25

Stock	Open	High	Low	Close
Alibaba	100.00	100.00	100.00	100.00
Amazon	50.00	50.00	50.00	50.00
Google	20.00	20.00	20.00	20.00
Facebook	10.00	10.00	10.00	10.00
Twitter	5.00	5.00	5.00	5.00
LinkedIn	3.00	3.00	3.00	3.00
Slack	2.00	2.00	2.00	2.00
Zoom	1.00	1.00	1.00	1.00
Dropbox	0.50	0.50	0.50	0.50
GitHub	0.25	0.25	0.25	0.25

NYSE

Wednesday's 4 P.M. Close
(Continued)

Stock	Open	High	Low	Close
IBM	100.00	100.00	100.00	100.00
Microsoft	50.00	50.00	50.00	50.00
Apple	20.00	20.00	20.00	20.00
Oracle	10.00	10.00	10.00	10.00
Sun	5.00	5.00	5.00	5.00
HP	3.00	3.00	3.00	3.00
Intel	2.00	2.00	2.00	2.00
Motorola	1.00	1.00	1.00	1.00
Verizon	0.50	0.50	0.50	0.50
AT&T	0.25	0.25	0.25	0.25

Stock	Open	High	Low	Close
Alibaba	100.00	100.00	100.00	100.00
Amazon	50.00	50.00	50.00	50.00
Google	20.00	20.00	20.00	20.00
Facebook	10.00	10.00	10.00	10.00
Twitter	5.00	5.00	5.00	5.00
LinkedIn	3.00	3.00	3.00	3.00
Slack	2.00	2.00	2.00	2.00
Zoom	1.00	1.00	1.00	1.00
Dropbox	0.50	0.50	0.50	0.50
GitHub	0.25	0.25	0.25	0.25

ASIA/PACIFIC



Very briefly:

- Indonesia and the Paris Club of creditors have agreed on a plan to reschedule principal payments on \$4.2 billion in Indonesian debt. The agreement was reached at a meeting in Paris with 19 creditor countries.
- Taiwan's unemployment rose from 2.93 percent in July to 3.05 percent in August, its highest level in almost two years as the economy slowed with the rest of Asia.
- British Telecommunications PLC, Britain's biggest phone company, will buy a minority stake in an Asian mobile phone operator or Internet service provider next month, company officials said.
- Hong Kong Telecommunications Ltd. assured workers there would be no wage reductions or layoffs for the next 12 months, one day after withdrawing a controversial pay cut.
- Telekom Malaysia Bhd. borrowed \$60 million in an interest-free Islamic loan, making the company one of the first to raise money outside the country after Malaysia imposed restrictions on capital flows.
- Hong Kong reported a 9.5 percent drop in new mortgage lending in August, signaling that property market woes are far from over. The total fell to 8.43 billion Hong Kong dollars (\$1.1 billion).
- Hyundai Motor Co., South Korea's biggest car maker, expects its domestic sales to be cut to half this year, to 300,000, as the economy shrinks.

China Moving to Spend Its Way Out of Slump

By Seth Faison
New York Times Service

BEIJING — Chinese leaders expect to weather the Asian economic crisis by spending so much money on public works that they reverse slowing growth, deter unemployment and counter falling exports, a senior official said Wednesday.

Assessing China's economic outlook, Zeng Peiyan, minister of the State Development Planning Commission, said that China was proceeding with plans to spend \$1.2 trillion on new infrastructure projects over the next three years.

Although some economists question whether China can spend that much, Mr. Zeng said falling exports to neighbors made it imperative for Beijing to spend aggressively if it wanted to reach its target of 8.0 percent growth this year.

"Only if overall fixed asset investment grows by 15 to 18 percent can we reach 8 percent economic growth," Mr. Zeng said at a news conference.

Recent economic statistics are encouraging, if not conclusive. In August, fixed asset investment by the government rose 26.9 percent, to 158.1 billion yuan, compared with a similar period in 1997.

Mr. Zeng pointed to that figure as an indication China's spending plans, unveiled as a \$1 trillion public works plan, had started to kick in.

In the face of questions about how China could find \$1 trillion to spend, even including all official and non-official outlays for fixed asset investment, Beijing officials recently expanded their plans by another \$200 billion, for a total of \$1.2 trillion, or 10 trillion yuan.

Whatever the size of the outlays, the direction China's leaders want to take the economy is clear.

To reverse the falling growth rate — which slipped to 7 percent in the first half of this year, its slowest since 1991 — Chinese leaders plan to expand highway and railway construction, build bridges, provincial electricity upgrades and start water

conservation projects needed after this summer's heavy flooding.

On Sunday, Beijing also announced plans to build five large hydroelectric power stations at a cost of more than \$7 billion.

Addressing another matter of continuous concern among international investors, Mr. Zeng said he could guarantee that China would not devalue its currency this year.

Meanwhile, China's central bank ordered banks to cut interest rates on U.S. dollar deposits, a move that will likely take pressure off the exchange rate by discouraging demand for dollars.

The yuan, which is only traded on a limited basis, closed slightly higher on Wednesday, at 8.2784 to the dollar, compared with 8.2788 on Tuesday.

Protectionist China Has U.S. Concerned

Bloomberg News

BEIJING — The U.S. undersecretary of commerce, David Aaron, said Wednesday that trade relations with China were at a "turning point" with concern growing that Beijing is adopting new protectionist measures.

Mr. Aaron, who is on the last leg of a tour through several Asian countries hit hard by the Asian economic crisis, said Washington was worried that Beijing's moves to curb imports would only worsen the region's woes.

"We don't want to see protectionism spread as a result of the crisis," Mr. Aaron said.

Since about 40 percent of Asian trade is among the region's countries, raising new barriers will make it "very difficult for Asia to dig itself out of the problems," he said.

Unlike many Asian countries, the Chinese economy continues to grow, but at the slowest pace since 1990. This year's growth may fall below the government's 8 percent target.

Kia and Hanwha Asset Sales Fail

Collapse of Deals Casts Doubt on Restructuring of Chaebol

By Don Kirk
International Herald Tribune

SEOUL — In a jolt to investor confidence in the economy, two of South Korea's most heavily leveraged groups failed Wednesday in efforts at selling off huge parts to prospective buyers.

Kia Motors Corp., with debts estimated at more than \$10 billion, canceled an auction for all its assets for the second time this month, saying South Korea's three other motor-vehicle makers had all demanded larger debt write-offs than Kia's creditors could offer.

The Kia announcement came just hours after Hanwha Energy Co. said it had canceled the sale of a thermal power plant to AES Corp. of Arlington, Virginia, which earlier agreed to buy the 1,500-megawatt plant for \$874 million.

The failure of both deals deepened the sense of despair here over whether South Korea's conglomerates, or chaebol, can carry out an agonizing process of restructuring while burdened with at least \$150 billion in debts to foreign creditors and debts totaling several times that amount to Korean banks.

Yoo Jung Yul, appointed by a court to manage the bankrupt group through disposal of its assets, canceled the auction even though Kia had said that the Hyundai, Samsung and Daewoo groups of companies, the country's largest chaebol, had submitted bids above the minimum amount for each share. The sale foundered on the demands for debt write-offs.

"That makes a mockery of the bidding process," said Peter Underwood, who specializes in motor vehicles as a business consultant. "It undermines investor confidence in Korea."

Kia offered no explanation other than to say that all three groups had attached requests for debt write-offs beyond the \$2.1 billion that Kia's creditor banks reluctantly agreed to forgive after the cancellation Sept. 1 of the first auction.

Kia did not say whether it would call another auction. The new cancellation opened the possibility that it would have to sell off its facilities piece by piece, leaving most of its debts unpaid. Kia's debts are increasing by about \$6 million a day, with more than half of the gain coming from debt servicing.

Despite its troubles, more than 18,000 workers are still employed at Kia's two main plants, which continue to produce about 45,000 cars a month. Kia has sold 325,084 cars this year, a 36 percent drop from last year. Kia's domestic sales this year, like those of its competitors, are less than half what they were in the first eight months of last year.

"The longer they wait, the less the value of the company," Mr. Underwood said, "but the worst thing is the message it sends to foreign investors that Korea isn't serious about writing off debts."

Ford Motor Co., which owns 9.4 percent of Kia's shares and controls another 5.6 percent through Mazda Motors of Japan, which is one-third owned by Ford, bid along with Hyundai, Samsung and Daewoo in the first auction but withdrew from the second.

Hanwha Energy, part of the Hanwha group, South Korea's eighth-largest chaebol, said it had failed to come to terms with AES on requests for a government guarantee for bills accrued by Korean Electric Power Corp., a government-backed entity.

World Bank to Delay Loans to Malaysia

Bloomberg News

WASHINGTON — Malaysia's decision to impose capital controls and peg its currency to the U.S. dollar has "disrupted" the World Bank's plans to lend money to the Southeast Asian country, a senior Bank official said Wednesday.

"I don't know what we're going to do," said Jean-Michel Severino, director of the East Asia and Pacific department at the World Bank. He added that the earliest the lending program could resume would "be at the end of this calendar year."

delay lending about \$1.7 billion was the first sign that Malaysia's currency controls and its jailing of political opponents would jeopardize international assistance. The country is struggling with its first recession in 13 years.

The Finance Ministry said Wednesday that Malaysian officials would meet with officials of the World Bank from Oct. 6 to Oct. 8. "Malaysia needs the support from international bodies," said Eddie Lee, an economist at Vickers Ballas Investment in Singapore. "Given the suffering of the poorer people" due

to the recession, he added, "it's going to hurt the man in the street."

Mr. Severino said last month that the World Bank might lend Malaysia the money within 18 months. The money was intended to overhaul the country's financial system, supplement government spending and improve education and health care.

Then, on Sept. 1, Prime Minister Mahathir bin Mohamad, defying international prescriptions for repairing the country's economy, linked the country's currency, the ringgit, to the dollar and imposed tight controls on its convertibility.

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September 23, 1998

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<p>ASIAN EQUITY FUNDS</p> <p>ASIAN EQUITY FUND (A) \$100.00</p> <p>ASIAN EQUITY FUND (B) \$100.00</p> <p>ASIAN EQUITY FUND (C) \$100.00</p> <p>ASIAN EQUITY FUND (D) \$100.00</p> <p>ASIAN EQUITY FUND (E) \$100.00</p> <p>ASIAN EQUITY FUND (F) \$100.00</p> <p>ASIAN EQUITY FUND (G) \$100.00</p> <p>ASIAN EQUITY FUND (H) \$100.00</p> <p>ASIAN EQUITY FUND (I) \$100.00</p> <p>ASIAN EQUITY FUND (J) \$100.00</p> <p>ASIAN EQUITY FUND (K) \$100.00</p> <p>ASIAN EQUITY FUND (L) \$100.00</p> <p>ASIAN EQUITY FUND (M) \$100.00</p> <p>ASIAN EQUITY FUND (N) \$100.00</p> <p>ASIAN EQUITY FUND (O) \$100.00</p> <p>ASIAN EQUITY FUND (P) \$100.00</p> <p>ASIAN EQUITY FUND (Q) \$100.00</p> <p>ASIAN EQUITY FUND (R) \$100.00</p> <p>ASIAN EQUITY FUND (S) \$100.00</p> <p>ASIAN EQUITY FUND (T) \$100.00</p> <p>ASIAN EQUITY FUND (U) \$100.00</p> <p>ASIAN EQUITY FUND (V) \$100.00</p> <p>ASIAN EQUITY FUND (W) \$100.00</p> <p>ASIAN EQUITY FUND (X) \$100.00</p> <p>ASIAN EQUITY FUND (Y) \$100.00</p> <p>ASIAN EQUITY FUND (Z) 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INTERNATIONAL INVESTING

Quarter's Global Equities Storm Offers No Haven

Bloomberg Business News

NEW YORK — Stocks around the world are ending their worst three-month period since the third quarter of 1990, and many investors foresee few gains the rest of the year.

As currencies, economies and confidence collapsed late this summer in Asia, Latin America and Russia, stocks were dismal virtually everywhere.

Among the world's 58 major equity indexes, only Costa Rica's advanced, while markets in Brazil, Turkey and the Philippines lost between a third and half of their value.

Russia's benchmark RTS stock index, the world's best-performing index for the past two years, fell 67 percent in dollar terms.

In the United States, equity investors saw \$1.4 trillion vanish as stocks fell into what could be their first bear market since 1990. The benchmark Standard & Poor's 500 Index, after almost tripling since 1995, is 13 percent below its July 17 high. Such stalwarts as Walt Disney Co., Gillette Co. and Citicorp have warned that results will be hampered by economic turmoil in Asia and Latin America.

"Valuations are still quite rich by past standards, and earnings growth is coming under pressure in many parts

of the world," said Paul Quinsee, an international money manager with J.P. Morgan Investment Management.

No markets qualify as a haven, investors say, although Europe may have the best prospects amid a wave of corporate restructuring and a plan to unify many of its currencies.

"If everything remains as it is now, Europe seems the best of a bad lot,"

said Isabelle Cohen, who helps manage \$8 billion at fund manager Etoile Gestion in Paris. "The U.S. is slowing, Russia is not there, Asia hasn't solved its problems."

The U.S. stock market is the world's largest and affects the tenor of trading everywhere. Investors are divided about whether recent declines mark the outset of an extended decline or a short "correction."

The question is how much economic turmoil abroad will affect the earnings of U.S. multinationals and the smaller companies that serve them. Analysts such as Abby Joseph Cohen of Goldman, Sachs & Co. argue that U.S. companies will grow this year, even with diminished exports. But others

make a case for a "profits recession."

About one-third of the \$25 trillion world economy is directly affected by Asia, according to ISI Group, a brokerage and economic research firm. ISI expects profits to be little changed this year and lower next year for the companies in the Standard & Poor's 500 Index. It also forecasts an interest-rate cut by the U.S. Federal Reserve Board, a move that traditionally helps stocks.

Even after losing much of their gains for this year in the past couple of months, European stocks are ahead of U.S. issues in year-to-date performance.

Since its peak July 20, the Bloomberg Europe 500 Index has lost more than half of this year's gains but is still up 13 percent for the year. Imperial Tobacco PLC, with a 35 percent gain, was the quarter's best investment among the stock in that index. Olivetti SpA, up 30 percent, was the second-best performer as it moved to shed its computer hardware business and become the biggest cellular and fixed-line rival to Telecom Italia SpA.

Restructuring also could drive stocks in the fourth quarter as European companies prepare for the introduction of a single currency in 11 countries Jan. 1.

Five of the world's 10 worst-performing equity markets for the quarter were in Latin America. Once favored by fund managers for their rapid growth, these stocks gave up three years' worth of gains this quarter — their worst three months in a decade.

From July 17 through Sept. 10, Morgan Stanley's Latin American stock index lost 49 percent of its value, a steeper decline than the one that followed Mexico's 1994 peso devaluation, as foreign investors fled. Argentina's Merval index is at its lowest point since April 1995; Venezuela's benchmark index lost 69 percent of its value this year, the biggest decline after Russia, and in Brazil, the Bovespa stock index is down 33 percent.

Meanwhile, a political deadlock over plans to bail out sinking lenders combined with fading prospects for an export-led recovery to pull down Japanese stocks in the current quarter.

The Nikkei 225-stock index has fallen almost 18 percent since mid-July.

Of 58 major stock indexes, Costa Rica's was the only one to post gains.

Very briefly:

• Individual investors put about \$3.83 billion into U.S. stock funds in the week ended Monday, down from the net \$4.71 billion inflow of the week before, as the market continued to rebound after a six-week slump, according to the research group TrimTabs.com. Investors redeemed about \$1.38 billion from international stock funds in the past week, compared with a net inflow of \$1.18 billion in the previous week.

• Latin American closed-end funds have fallen out of favor with investors even more than the markets the funds invest in, with the average fund trading at a 28 percent discount to its net asset value last week — an all-time high — as investors have dumped them in favor of less risky investments, Santander Investment reported.

• Investor AB, the holding company of the Wallenberg family of Sweden, is moving its new-investment unit to New York from London. "It will be easier to follow our main investment areas — within medical technology, health-care and information technology," an executive said, adding that the switch should be completed by next year.

After Drop, Wall Street Braces for Cuts

NEW YORK — Overseas trading losses and a slowdown in most securities businesses are raising the specter of layoffs at Wall Street's biggest houses, which employed a record number of people just last month.

"Everything is a function of how the market and how profitability is," Joan Zimmerman of the New York executive search firm G.Z. Stephens said this week. "Recruitment, compensation and head count — a few firms have already laid down the law that they will not be actively recruiting."

Third-quarter profits at most U.S. securities firms are expected to be the worst in at least two years. Goldman, Sachs & Co. reported Tuesday that its latest quarterly pretax profit was down 19 percent, to \$754 million.

Some Wall Street houses have already trimmed their staffs, and more are planning cuts. Travelers

Group's purchase of Citicorp is expected to result in the elimination of 8,000 jobs, or 5 percent of the companies' combined work force, by the end of the year.

"The employment in the securities industry tracks very nicely with the ups and downs in the market itself," said Hal Schroeder of Keefe, Bruyette & Woods. "We're going through the trimming process first." Major cuts will come later, he said, if the markets keep slumping.

Fueled by the decadelong bull market in stocks, the securities industry employed a record 663,400 people across the United States in August, up from 605,500 a year earlier, according to preliminary data provided by the New York Department of Labor.

Securities employment in New York City alone rose to a record of 166,100 in August, eclipsing the record of 163,000 set in 1987.

Whose Money Is Funding Your Investment Adviser?

SEC Says Many Firms Fail to Tell All to Clients

By Edward Wyatt
New York Times Service

WASHINGTON — Imagine placing your hard-earned nest egg with an investment adviser who, in trading for your portfolio, uses a brokerage firm that pays his rent, gives him vouchers for rental cars or travel or buys new carpet for his office.

According to a survey of brokerage and investment firms operating in the United States released this week by the Securities and Exchange Commission, such practices are all too common.

In a report on the use and abuse of "soft dollars," the commission rebates that investment firms receive for steering business to some brokerage firms, the SEC reported that more than a quarter of the brokerage and investment advisory firms had made questionable use of the money. It did not name the firms. As a result, many investors are probably paying bloated commissions — which, in turn, lower their investment returns.

About \$1 billion of research and other services is purchased annually with soft dollars, the report said. The money is supposed to pay for research to help investment managers put together portfolios for clients. It can also go to buy items covered by a "safe harbor," including publications or computer systems through which research is transmitted to a firm.

But an examination by the commission's Office of Compliance, Inspections and Examinations of 75 brokerage firms and 280 investment advisers found that 28 percent of investment advisers and 35 percent of brokerage firms had provided or received items outside that definition.

About 20 firms, or 7 percent of the investment advisers surveyed, had engaged in "egregious fraud" by siphoning off soft-dollar money for undisclosed uses, said Lori Richards, director of the compliance office.

Under the quirk of securities laws, trading soft dollars for questionable goods or services is generally not illegal as long as there is full disclosure to clients. But the commission found that

almost none of the 28 percent of advisers who had received questionable goods had made adequate disclosures.

Overall, only half of the advisers examined had described their soft-dollar practices in sufficient detail to allow their investment clients to understand what was going on.

The use of soft dollars "is predicated on disclosure to the client," Ms. Richards said, adding, "But the disclosure is pretty inadequate." At some firms, the people responsible for drawing up the disclosures were not aware of the soft-dollar deals being made by the firm's investment managers or other employees, she said.

Not all of the questionable uses of soft dollars were as blatant as buying theater tickets. Others included paying a consultant to design a Web site and renting a Bloomberg machine for the marketing department's use. One large investment firm spent \$882,000 in client commissions to pay for 13 analyses of its own performance, which were then used to market its services to potential customers.

The report recommended that the commission adopt new record-keeping and disclosure requirements for soft dollars. And the commission's division of market regulation will seek to clarify which types and uses of electronic equipment bought with soft dollars conform to accepted "research" practices.

But the report stopped short of calling for a ban on any of the soft-dollar practices, and several of its recommendations were simply that the SEC "reiterate" its current soft-dollar guidelines.

"One of our goals is to make firms less likely to buy items that are outside the safe harbor by increasing their disclosure burden," Ms. Richards said.

That cautious approach angered some critics. Representative John Dingell, Democrat of Michigan, the ranking minority member of the House Commerce Committee, said the SEC's recommendations for addressing the problems exposed by its report "fall woefully short."

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NIGERIA: A FRESH START

ABUBAKAR: ARCHITECT OF TRANSITION

General Abdulsalam Abubakar was virtually an unknown figure outside his own country until circumstances propelled him into the limelight. When General Sani Abacha, the former Nigerian ruler, died on June 8, not many knew the new man who was immediately sworn in to preside over Nigeria.

Yet General Abubakar, the new Nigerian head of state and commander in chief of the army, is not an outsider. A military professional who never ventured into politics, he has held prestigious positions in the army, rising to the rank of chief of defense staff and chairman, joint chiefs of staff of the armed forces in November 1993, when General Abacha became president.

Number three in the leadership hierarchy during General Abacha's tenure, he was an important member of the Provisional Ruling Council after having served as a member of the Armed Forces Ruling Council under the previous administration of General Ibrahim Babangida.

The post of the military leadership's second in command was vacant at the death of General Abacha, as its former occupant, Lieutenant General Oladipo Diya, was on death row for his alleged role in the aborted military coup attempt of December 1997.

With his unanimous election as the new head of state and chairman of the nation's highest lawmaking body, General Abubakar had come a long way. Born June 13, 1942 in Minna, the capital of the state of Niger, he completed his primary and high school education in Minna, Bida and Kaduna before enlisting in the Nigerian Army in 1963. His military training in Nigeria and elsewhere, notably the United States (1975-77 and 1981-82) enhanced his international perspective. He was part of Nigeria's contingent to the UN peacekeeping force in Lebanon in 1978-79 and has been active in the Committee of West African Chiefs of Staff, set up by the Economic Community of West African States to monitor peace and security in the region.

The Nigeria you found when you came to power was a pariah state. How did it come to that?

Our country found itself in that unfortunate situation by omission or commission. Problems started with the annulment of the 1993 presidential elections, where some people perceived that injustice had been done. There was also the Ogoni problem in the riverine oil production, where the world believed injustice was done. These and some other political and economic problems gave us a bad image.

What progress has been made in your commitment to mend fences with countries that had shunned Nigeria?

We have assessed our situation, in the understanding that no nation can live as an island, and have decided to open a window and try to address those issues that have been perceived as unjust. We have addressed the issue of human rights, have released political prisoners, dropped charges on political issues and asked every Nigerian to come aboard to build a new nation. On the Ogoni issue, we have asked that it be transferred from the tribunal to the ordinary courts. We have reviewed workers' salaries and approved a substantial increase to alleviate some of their problems.

How is your democratization program related to this process?

On assumption of office, we held a wide range of consultations with a broad spectrum of people, as a result of which we dissolved the former political parties, thereby

providing a level field for everybody to compete equally. I am happy to say that democracy is going on in full swing. Political parties are being formed; alliances are taking place within the political field. You will recall that on Aug. 11, I set up an independent electoral commission, which has already given out guidelines for political party formation and released dates for the different elections of our three tiers of government. Legal government elections will take place next December, state elections in January 1999 and the presidential elections in February 1999.

Do you expect May 1999 to be the end of military rule in Nigeria?

I would want to believe that both the military and civilians have learned their lessons. After May 1999, no military intervention will be tolerated.

I am happy to say that democracy is going on in full swing. Political parties are being formed; alliances are taking place within the political field.

What is your message to foreign investors?

We have said that we are privatizing 40 percent of our economy. Nigeria is endowed with a lot of resources, so any investment is bound to yield profitable results. So we are inviting them to come and join hands with us for mutually beneficial business relations.

Will your current U.S. visit afford you an opportunity to talk to prospective investors?

Yes, a team of experts is in my entourage for that purpose.

Is your decision to attend the Francophone summit in France in October a continuation of the Abacha policy of rapprochement with the Francophone world?

Yes, we are consolidating all the good policies of the previous administration, like Nigeria's relations with the Francophone world, which is good for Nigeria and her Francophone neighbors in the West African subregion. We shall continue to cultivate these relationships.

Nigeria has been accused of imperialism in West Africa. What is your assessment?

Again, this is an area in which the late General Abacha achieved a lot. Whatever perception had existed has changed by now, due to our very cordial relationship with our Francophone brothers and sisters. Some may see Nigeria as a senior brother, but we have no hegemonistic ambitions.

We understand each other and are working together for the economic renaissance of our region.

Nigeria has been criticized for exporting what it does not have — democracy — and importing what it has — oil. What is your reaction?

These criticisms are no longer tenable. We faltered in the past, but we are now getting our act together. Democracy has come to stay in Nigeria, and we have now embarked on the repair of the refineries which caused the shortages. Besides, we are going to privatize oil services as part of our ongoing privatization policy.

Shouldn't the international community lift sanctions as a reward for your efforts?

Certainly, we have made progress. The problems of Nigeria are being better appreciated by the international community. I believe that all the problems that warranted all the bad blood, sanctions and bad relations between Nigeria and some countries no longer exist.

Are you looking forward to returning Nigeria to the Commonwealth of Nations?

Definitely, yes.



General Abdulsalam Abubakar: "Democracy has come to stay."

There is talk of Nigeria's aspiration to a permanent seat on the United Nations Security Council.

This idea of an African permanent seat on the Security Council also has the support of the Organization of African Unity and the Nonaligned Movement. Africa deserves to be given a seat, and we as a body are talking to each other to see who should occupy it when the time comes.

What is your view on regional integration, especially as it concerns the role of the Economic Community of West African States?

ECOWAS has scored first in conflict resolution, peacekeeping and peace enforcement. These exemplary achievements have been acknowledged by the UN and other bodies. We must build on the achievements and embark on programs that foster the integration of our economies and peoples. For example, we shall launch ECOWAS traveler's checks to facilitate the movement, economic activity and cooperation of our people.

How do you see the future of the ECOWAS monitoring group, ECOMOG, in view of the attempts of the United States and France to sponsor peacekeeping forces in Africa?

ECOMOG has done a marvelous job of peacekeeping and conflict resolution. It will remain useful to our sub-region, Africa and the United Nations. We will do our best to make it continually effective and relevant. It is pleasing to note that all the countries are giving their support to the ECOMOG initiative. We are going to talk with the United States and France, and what we are saying is that any support given from any quarter to Africa should be made through regional organizations like ECOWAS or through the OAU, the continental body. We shall definitely frown at anybody coming here with his outfit and starting to operate because there will be problems: Who will constitute the troops? Under what auspices? How will they be administered? But once it comes under regional or sub-regional bodies, there will be mechanisms for how to go about it.

THE TEAM MEMBERS

These are the new members of the Federal Executive Council.

ALHAJI GHADDO IBRE: Secretary to the Government

ALHAJI ABOKILLAH IBRAHIM: Attorney General/Justice

ALHAJI ALFA WALE: Agriculture

JONAH MADUGUE: Minister of State, Agriculture

CAPT. (PILOT) BENONI BRIGGS: Aviation

AVIM CANICE UMENWALIRE: Communications

MAJOR GEN. PATRICK AZIZA: Commerce & Tourism

SAMUEL OLAYA ONE: Education

ALHAJI SAKA SA'ADU: Minister of State, Education

MAJOR GEN. MAMAN KONTAGORA (RET.): Federal Capital Territory

A.O. OGBUNYE: Minister of State, Federal Capital Territory

ALHAJI ISMAILA USMAN: Finance

ALHAJI WILSON ETUK-UDOG: Minister of State, Finance

AMBASSADOR INMATHUS OLUSEMIKA: Foreign Affairs

ALHAJI BUKARI BALA: Minister of State, Foreign Affairs

PROFESSOR DEBO ADEYEMI: Health

ABUBAKAR ALI: Minister of State, Health

JOHN NMA NWODO, JR.: Information & Culture

CHIEF ONIKPE OKANDE: Industries

PROFESSOR MUSA YANJULU: Internal Affairs

EMMANUEL UDORIE: Labor & Productivity

CHIEF RAHEED GHADAMOSE: National Planning

BELLO SALEMANS: Power & Steel

GODWIN OGBARA: Minister of State, Power & Steel

MAJOR GEN. SAM MOMAH: Science & Technology

PATRICK IBRAHIM YANDUWA: Solid Minerals

REAR ADMIRAL FESTUS FORDJIE: Transport

ALHAJI HANZA SANWAL: Water Resources

LARABA GABDO ABDULLAH: Women's Affairs

MAJOR GEN. GABBA MOHAMMED: Works & Housing

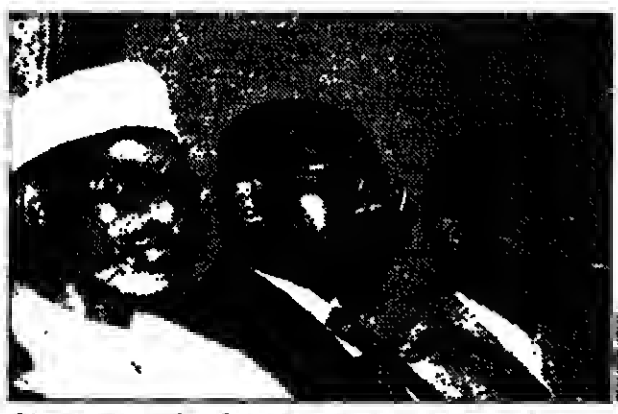
AMBROSE FEESSE: Minister of State, Works & Housing

ECONOMY: CONSOLIDATING THE GAINS

Alhaji Ismaila Usman, former deputy governor of the Central Bank, last year earned the displeasure of the Abacha administration for refusing to make irregular disbursements to key government officials. In August, he was appointed minister of finance — a testimony to the new government's commitment to transparency, probity and professionalism. Here, he speaks about new prospects for Nigeria.

What was your assessment of the economy under Abacha?

Talking of reality and not sentiments, the economic measures of the previous administration had good and bad sides. A lot was done to rationalize the economy, like some prudent measures to restore macroeconomic stability as well as financial and fiscal discipline, leading to a sharp decline in inflation.



A team for reversing Nigeria's economy (from left to right): Finance Minister Ismaila Usman, Central Bank of Nigeria Governor Paul Ogunleke and Finance Minister of State Alkan Wilson-Etuk-UDOG.

Also, the naira achieved exchange-rate stability.

The negative aspects included low investment and poor maintenance of infrastructure, coupled with the misapplication of resources.

What are the financial management priorities of this administration?

This administration came at a time of constrained economic growth, especially with the decline in oil prices. That and our short tenure notwithstanding, we are committed to the consolidation of macroeconomic structure, the continuation of fiscal discipline and the other good policies that have been in place from 1995, including the structural adjustment policy.

What are your strategies for attracting foreign investors?

This administration has renewed interest in normalizing political and economic relations with all the important nations of the world. Efforts have been made to further open up the economy in order to attract foreign investors. Our economic, monetary and fiscal policies are geared toward that end, as well as toward the privatization policy, which we intend to pursue very vigorously. Additional incentives are also being put in place.

What about the controversial dual exchange rate for the naira?

The head of state has also announced that steps are being taken to review the policy with a view to phasing it out during this fiscal year.

How are you coping with the decline in oil prices?

The price decline, coupled with the reduction in the OPEC quota, has affected both our revenue profile and the 1998 budget. We intend to curtail unnecessary expenditures and embark on measures to develop the non-oil sectors of the economy.

How much will the 1999 budget be affected by these factors?

Certain measures like the value-added tax and port reforms for better duty collection need to be maintained, as they will increase revenue yield. But we must make more efforts to promote the agriculture sector, not just for food production but also for export.

How are your relations with international financial institutions?

The September visit to Nigeria of Jean-Louis Sarbib, the World Bank's regional vice president for West and Central Africa, has been viewed by some as a signal of strengthening relations between our country and the Bretton Woods institutions. These relations have suffered in the recent past from stress. But, one should never forget that Nigeria has strived for a long period to maintain good relations with the financial community. Now we are pushing our efforts to mend fences and normalize relations where they may have been weakened. But there is a lot the World Bank and the International Monetary Fund can do to assist developing countries, and Nigeria is no exception.



Ambassador Lansana Kouyate, executive secretary of the Economic Community of West African States

— IN HIS OWN WORDS — On Abubakar And Regional Relations

"I have known General Abubakar since long before he became head of state. We have sat together at several meetings on [the West African peacekeeping force] ECOMOG, especially when he was the chairman of chiefs of defense staff of the Economic Community of West African States. His major distinguishing factors, apart from his high intelligence, are his humility and patience with other points of view. I am not surprised that he has adopted his belief in consultations as a policy of government."



General Abubakar with Niger's President Ibrahim Bare Mahassara (left). Nigeria is cultivating Francophone countries.

STABILIZING THE BANKING SECTOR

Strengthened measures will protect depositors and regulate the activities of the banks.

The phenomenal multiplication of Nigerian banks in the late 1980s and early '90s, following the launching of the Structural Adjustment Program and the attendant liberalization of the financial sector, turned out to be a nightmare — not a blessing as Nigerians had expected.

This was predictable. The relatively lax conditions for the establishment of all sorts of banks — commercial, merchant, mortgage, community, people's — resulted in the unbridled mushrooming of these financial institutions.

The dual exchange regime, with its possibilities for corruption, further enhanced the appetite of prospective bankers, and overnight the banking industry became the sector to beat in the mad rush for easy money. Unfortunately, in most cases, it was other people's money that was at stake.

The expertise gap
With the rush, the number of trained bankers soon became inadequate, and the banking industry filled up with people who lacked proper training for the profession. A lack of professionalism, fraud, graft, forgeries and

related white-collar misdemeanors invaded the sector.
By 1992, the industry was in serious trouble. Banks had started to fail, as depositors could no longer obtain access to their money. The National Deposit Insurance Corporation (NDIC), the regulatory organ of the Central Bank of Nigeria, for all its efforts, appeared hamstrung in the face of the flood of mismanagement in the banking industry. Its attempts to prosecute erring banks hardly scratched the surface of the problem. Clearly, what was needed was a special measure to stem the tide.

That extraordinary measure was provided by the Sani Abacha regime, with the enactment of the Failed Banks (Recovery of Deposits) and Financial Malpractices in Banks Decree No. 18 of 1994. While most of those whose errors of omission or commission had brought chaos to the banking sector left the country (some using the troubled situation in Nigeria to declare themselves human-rights exiles), many others were apprehended, investigated and put on trial.

Since, then, many of these individuals have been tried, jailed or set free; a

large number of suspects are still being detained.

Continuing cleanup

To indicate his commitment to the continuing cleanup of the banking sector, Head of State Abdulsalam Abubakar has directed the law enforcement agencies to examine the cases of exiles to ascertain which of them have cases in answer to in relation to the provisions of the failed bank laws.

In response to that directive, the police have begun to publish names and photographs of "wanted persons," accompanied by their alleged offenses.

The ongoing release of these circulars is seen in Nigeria as an indication that General Abubakar is bent on intensifying the purge at the banks. Moreover, the NDIC is currently working to refund the initial insured sums of deposits to those who lost their funds in the 26 banks that have officially been liquidated and the others that are vanishing on their own.

In addition, the decision to return autonomy to the Central Bank will give it sharper teeth in its job as the watchdog of erring banks.

SPONSORED SECTION
NIGERIA: A

ENERGY SECT
HOUSEHOLD



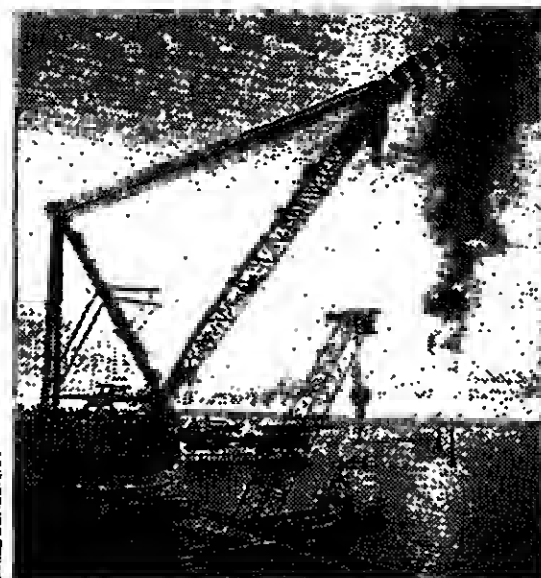
Jean-Louis Sarbib, vice president of the World Bank

GETTING INDU

SPONSORED SECTION

NIGERIA: A FRESH START

In less than three months, following the death of its former ruler, General Sani Abacha, the most populous African nation has been experiencing dramatic change. Under the new head of state, General Abdulsalam Abubakar, the government has decided to move toward civilian rule, improve Nigeria's relations with the other countries of the world and create new business opportunities. General Abubakar's address to the UN General Assembly and his meetings with leaders in Africa, Europe and America signal the dawn of a new era in Nigeria — a case in point for the concept of African renaissance. Nigeria is feeling a new vitality as confidence returns to its commercial centers like Lagos, above. Right: West African peacekeepers in the force known as ECOMOG inspect weapons in Liberia. Far right: Nigeria's oil sector, the country's key industry, is being revamped.



NIGERIA: FACTS AND FIGURES

AREA	923,768 square kilometers
POPULATION	110 million (1997 estimate)
URBAN/RURAL BREAKDOWN	39% urban, 61% rural (1995 estimate)
CAPITAL CITY	Abuja
OTHER MAJOR CITIES	Lagos, Kano, Ibadan, Port Harcourt, Enugu, Onitsha, Aba, Jos, Benin, Sokoto, Maiduguri
TIME	GMT+1 hour
WEIGHTS AND MEASURES	Metric
CLIMATE	Humid, tropical (rainy season is between May and October)
TYPE OF GOVERNMENT	Military government; an ongoing transition program will end military rule on May 29, 1999
NUMBER OF STATES	36
LANGUAGES	English is the official language. Pidgin is widely spoken and is the popular form of communication among the urban and semiurban populations of the southern parts of the country. Other languages are Hausa, Yoruba, Ibo, Fulani, Kanuri and Tiv
ETHNIC GROUPS	More than 250 ethnic groups with distinct cultures and languages. Principal ethnic groups are Hausa, Igbo, Yoruba and Fulani. Others include Ibibio, Kanuri, Edo, Tiv, Ijaw, Idoma and Nupe
RELIGIONS	48% Islam, 46% Christian (including Catholics, Anglicans, Methodists and Pentecostal denominations), 6% traditional animist religions

A CHANCE FOR A TRUE DEMOCRATIC TRANSITION

Nigeria's new regime is matching deeds to words.

Since coming to power as Nigeria's 11th head of state since independence in 1960, General Abdulsalam Abubakar has broken new ground in the leadership annals of his nation.

With the release of more than 100 political prisoners who had been languishing in jails and detention centers, a pledge to respect human and other fundamental rights of citizens, and the inauguration of the shortest and most realistic program of transition to civil rule ever in Nigeria, he is well on the way to making history.

What is more, his overtures to the international community have been warmly accepted by the United States, Britain and other major nations.

A country of more than 110 million people, Nigeria is endowed with an abundance of human and material re-

sources. While these assets might have ensured it a comfortable place among the nations of the world, political instability and the fractured economic policies brought about by years of military rule deprived it of the opportunity to achieve progress and prosperity. Most important, military rule denied Nigeria's people — made up of more than 250 ethnic groups with their own distinct cultures and languages — the right to govern themselves.

In the 38 years since Nigeria's political independence from Britain, the military has ruled for 28 years. While military rule may have succeeded in recording a significant level of infrastructure development and in welding the often-contending ethnic groups into a national entity — it even had to deal with the 1967-70 civil war

— it has, nevertheless, produced a legacy of political instability, human rights abuses and inconsistent economic and investment policies. The people's wish for democratic government was repeatedly ignored as the different military administrations went back on their promises to return to the barracks.

Apart from General Olusegun Obasanjo, who willingly handed over power to a democratically elected government in 1979, no other military leader in Nigeria kept the promise of voluntarily relinquishing power to the electorate.

Within a short period, General Abubakar has done much to convince the people that he can make a difference.

With the annulment of the free and fair 1993 presidential elections won by the late Moshood Abiola, the military leadership under General Ibrahim Babangida seemed to have bitten off more than it could chew. The civilian population, whose compliance the military had long taken for granted, reacted in a variety of unprecedented ways that brought the nation to the point of anarchy. Not even the high-handed approach of the late Sani Abacha leadership could completely douse the movement toward democratic ideals. The stage was set for a showdown.

The resulting sociopolitical turmoil, repression, human-rights abuses, civil resistance and curtailment of basic freedoms, coupled with the doubtful transition program of the last five years of Nigeria's history, also brought the country to the forefront of international disapproval.

It was during this period that Nigeria was ostracized from the Commonwealth and was kept at arm's length by several leading nations, former friends and erstwhile business partners. Nigeria became an international pariah, in spite of the strides it had taken in fostering international

peace and stability, as evidenced by its achievements in helping to bring about peace and democracy in Liberia and in restoring democracy in Sierra Leone.

The arrival of General Abdulsalam Abubakar at the helm of national leadership after the death of General Sani Abacha in June 1998 ushered in a new era. He demonstrated his commitment to national and international reconciliation through the decision to restore the basic freedoms that had been denied to Nigerians.

A new atmosphere of trust in the sincerity of Nigeria's new leader has moved the political class to embrace once again the military administration's program of transition to civil rule, the many disappointments of the past notwithstanding. While the socioeconomic problems of the past have not suddenly been whisked away, Nigerians of all persuasions seem prepared to give the new regime a chance.

Within a short period, General Abubakar has done much to convince the Nigerian people, through word and deed, that he can make a difference.



General Abdulsalam Abubakar has promised return to civilian rule by May 29, 1999.



Nigeria's role in the region has been recognized by its neighbors. Photographed in Abuja, from left to right: Tejan Kabbah, president of Sierra Leone; Kofi Annan, UN secretary-general; General Abdulsalam Abubakar, Nigeria's head of state; and Charles Taylor, president of Liberia.



Traditional cultures: dancers from the state of Ondo.

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— IN HIS OWN WORDS —
On Nigeria's Renaissance

"The freeing of some political prisoners, the prospect of the transfer of power to civilians in May 1999 and efforts to get the Nigerian economy back on its feet are all measures that I greet with enthusiasm."

"Like many friends of Nigeria, I was saddened by its relative marginalization in recent years. All the more so because this had negative consequences for the undertaking of causes dear to all the countries of West Africa."

"Now, with Nigeria on the path to national reconciliation, domestic stability and ethnic harmony, it is not too much to

think that, having won renown for its capacity to resolve conflicts (Liberia, Sierra Leone and Guinea-Bissau), West Africa can better devote itself to its other priorities: development, peace and regional integration."

"Nigeria's contribution will not be unwelcome in these urgent struggles. That is why its revival, whose success I wish, is so close to my heart, as much for the people as for the leaders of West Africa."

"This healthy leap forward matters, indeed, to the whole of our African continent."

Abdou Diouf,
president of the
Republic of Senegal

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NIGERIA: A FRESH START

DEMOCRACY IN NIGERIA: A SOFT LANDING

Since 1985, Nigerians have been given seven dates for the termination of military rule: 1990; 1992; 1993; March 1, 1994; January 1, 1996; October 1, 1998 and May 29, 1999, the last being the date named by the government of General Abdulsalam Abubakar, who took office on the death of General Sani Abacha on June 8, 1998.

General Abubakar seems determined to give democracy a soft landing on May 29 next year. He has set up a new electoral commission and deliberately named it the Independent Electoral Commission (INEC) to emphasize the government's desire not to interfere with its independence.

He has promised that election monitors will be invited from the United Nations, the Commonwealth and the Organization of African Unity. He has appointed men and women of integrity to the electoral commission and has urged them to do their work without fear of interference.

The government is also embarking on economic reforms, privatizing



Ray Ekpu, a former editor of several newspapers, is the chief executive of Nigeria's leading newsmagazine, Newswatch.

such public utilities as telecommunications, electricity and refineries to improve efficiency.

Workers' salaries in the public sector have been raised, and trade unions freed from the shackles of the past. Contracts that had hitherto been awarded under the table will now be subject to open, competitive tendering.

With these gestures of humane and responsible governance, the country's image is beginning to take on a new hue. The thrust of General Abubakar's speech before the UN General Assembly is that Nigeria has left its dark past behind.

As the saying goes, "old habits die hard," so to turn things around and build a new culture of tolerance, accountability and transparency, all Nigerians need a debriefing through public enlightenment.

The military and civil society must come to terms with the fact that democracy is the only choice we have. And if the electoral commission lives up to its billing by conducting free, fair and credible elections, then democracy is sure to have a soft landing in Nigeria on May 29 next year.

Ray Ekpu



Nigerians will be exposed to more balanced media coverage as opposition publications regain their voice.

THE RETURN TO PARTY POLITICS

More than 20 associations out of the more than 92 groups that had aspired to become political parties in Nigeria had succeeded by early September in meeting the Independent National Electoral Commission's deadline. Those that fulfill the non-stringent conditions set down by INEC will be given provisional registration to enable them to enter the local government election in December. Final recognition and registration will depend on their performance.

Their journey down the road of yet another transition program began with the unfolding of the new administration's sociopolitical agenda in General Abdulsalam Abubakar's televised nationwide address on July 20. Following extensive consultations with different interest and pressure groups in the country, the government had come to the realization that Nigerians were unanimous in their desire to have the military relinquish power and return to its

traditional martial role. Unlike his predecessors, who bought time to justify their long transition programs, General Abubakar surprised even the bitterest critics of military government by announcing the shortest transition program in Nigeria's history, to terminate after a mere 10 months, on May 29, 1999.

International observers

The most striking feature of the program is that for the first time, there will be an independent electoral commission to register parties and voters and organize all the elections, which will be observed by international bodies. A retired judge, the Honorable Justice Ephraim Akpata, has been named to lead a team of eminent and experienced men and women to make up the independent commission.

General Abubakar has not been unaware of the political problems of the recent past, notably a widespread feeling that political organizations were being marginalized.

The new dispensation, therefore, is to be all-inclusive and carry no strings.

To ensure this, the head of state announced the termination of all cases pending against political detainees and exiles, and invited the latter to return unconditionally to participate in the nation's search for a new direction.

He also disbanded all the previous government-sponsored political parties, which had been famous for their lack of independence. In addition, he sacked all those who had been elected in the polls conducted under the controversial earlier transition program, in order to create a clean slate for the new program.

As a result, politicians have been returning to the scene.



New political parties will participate in three elections this year.

TOWARD HEALING AND RECONCILIATION

The new head of state has already made significant gestures of goodwill to Nigerians.

On coming to power, General Abdulsalam Abubakar was confronted by an angry nation. His predecessor, General Sani Abacha, had kept everyone guessing about the real direction and destination of his transition program, fostering frustration with the system that manifested itself in the emergence of apparently irreconcilable differences in the country.

Urban terrorism and bombings, interethnic feuds, calls for the breakup of the country and defamation of the nation's name and image by exiles and their collaborators abroad became the symptoms of a nation yearning for reconciliation.

Release of prisoners

The immediate conciliatory gestures of the new head of state were both appropriate and necessary. General Abubakar lost no time in announcing the release of political prisoners, including the former head of state, General Olusegun Obasanjo, who was serving a life sentence following his conviction in 1993 by a military tribunal for complicity in a coup d'état. Also set free were journalists and other individuals serving sentences in prisons and detention centers across the country for political reasons.

These gestures, and the pledge that never again would any Nigerian suffer pain or deprivation for his beliefs, convictions or lawful associations, established an environment of reconciliation in the country. General Abubakar's efforts to free M.K.O. Abiola from detention were not allowed to come to fruition, however.

The presumed winner of the 1993 election, whose case was at the root of the political problems of Nigeria, was on the verge of being released when death struck before the eyes of some top American officials visiting the country.

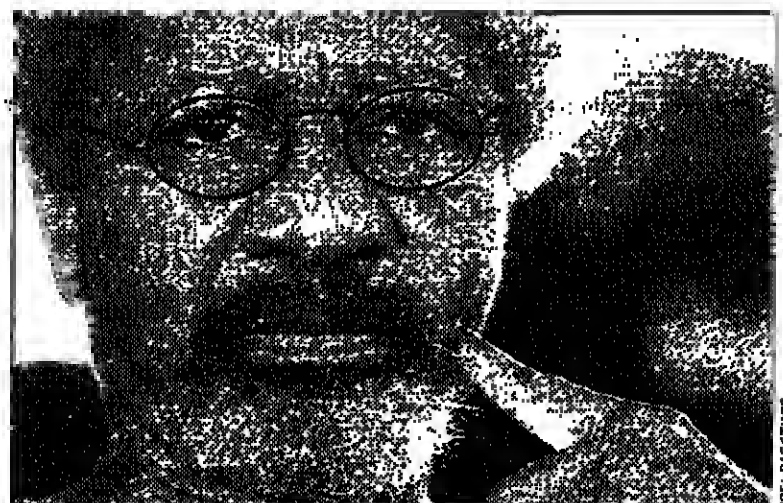
It was General Abubakar's reconciliatory consultations with all shades of opinion in the country following this event that formed the basis of the sociopolitical and economic package he later revealed to Nigeria. His olive branch to all exiles and activists — especially to the National Democratic Alliance,

regarded as the institutionalized opposition to the military — was accepted with warmth. His visits to hitherto "no-go" areas like Lagos (where he paid a condolence visit to the Abiola family), Ibadan and other hotbeds of opposition have shown him to be unique in the annals of Nigerian leadership.

The climate of change

General Abubakar's mission has been so successful that today Abuja, which used to be avoided by many, has once again become a Mecca for Nigerians. Perhaps one of the most significant proofs of General Abubakar's capacity for reconciliation is that, on Sept. 7, at his press conference in Abuja, among the journalists who posed what would have in the recent past been regarded as "unacceptable" questions were representatives from the opposition newspapers and magazines.

At the urging of the new administration, one of these editors had just returned from self-imposed exile; another had been released from detention. General Abubakar listened to their questions with attention and answered them with a confident smile.



All charges against Nigeria's Nobel Prize-winning political exile Wole Soyinka have been dropped.

RESTORING HUMAN RIGHTS

Political detainees and others have already been released.

In the past, Nigeria and the international community were brought onto a definite collision course over the issue of human rights and the perception that Nigeria had fallen far short of expectations in the way it had infringed on the rights of its citizens.

The climax of this international disapproval came in 1995, with the execution of the writer Ken Saro-Wiwa and eight other Ogoni activists after having been found guilty of murder by a tribunal. The world was outraged that the Ogoni 9 were not allowed the right to appeal, which the tribunal had prescribed before hangings.

The "Ogoni judicial murder," as it was described by former British Prime Minister John Major, resulted in Nigeria's suspension from the Commonwealth and subsequent isolation from the international community.

Business, investment and Nigerian pride suffered as all manner of sanctions were applied to the nation. Meanwhile, scores of political opponents, critics, human-rights activists, journalists and others were held without trial or forced into exile.

About-face

The government of General Abdulsalam Abubakar has changed all that. One of General Abubakar's first actions was to release those being held without trial or detained under the draconian Decree Number Two, which stipulates that anybody can be held at the whim of the powers that be, without trial and without being informed of the reason for incarceration. His administration has embarked on the task of amending or repealing all such laws that made it possible for the rights of Nigerians to be violated.

The role and activities of the National Human Rights Commission, which was set up to monitor the human rights situation in the country, have been redefined and given sharper teeth.

In his July address to the nation, General Abubakar reiterated his pledge to respect citizens' human rights: "In particular, freedom of expression, of peaceful assembly and association as enshrined in the laws of our country will be protected."

As a corollary, the head of state also announced that the judiciary would be not only reformed but also strengthened, as he put it, "to enable it to discharge its constitutional responsibility of dispensing justice and protecting the rights of individuals without let or hindrance."

He presented on Sept. 7 a transparent assessment of the human rights record of his administration. "The general level of individual freedom and freedom of expression and association, among others, has greatly improved," he said. "Cases of people who are detained and have not been arraigned before the courts, and some classes of persons already convicted for offenses, are being examined, and appropriate decisions will be taken. Already, the attorney-general of the federation, in conjunction with the minister of internal affairs and the National Commission on Human Rights of Nigeria, has zoned the country for the purpose of accelerating the decongestion of prisons."

The following day, 20 Ogoni youths who had been in detention since 1994 were unconditionally set free, further underscoring the point that General Abubakar's human rights pledges are authentic.



The release of scores of political prisoners has improved Nigeria's record on the issue of human rights.



Alhaji Banianga Tukur, a leading Nigerian politician and a prominent member of the Peoples Democratic Party

— IN HIS OWN WORDS — On Democracy

"This time around, the transition is real. General Abubakar has shown Nigerians another dimension in leadership. I trust his pledge to hand over power on May 29, 1999 to a democratically elected government. No other Nigerian military leader has been so

transparently explicit.

"Already, two major political parties have emerged, cutting across regional, ethnic and religious boundaries. This is a good development which will lead to genuine democracy. We trust Abubakar."

TRANSPARENCY: A PREREQUISITE FOR PROGRESS

Incentives have been put in place to increase official accountability.

One of the greatest inhibitors of foreign investment in Nigeria is the belief that the transparency of public officials has been in a progressive decline. Some prospective investors have been discouraged from even entering the country. The new government of Nigeria, well aware of these widely held impressions, has set about combating them.

From the onset of his administration, General Abdulsalam Abubakar has embarked on probes into areas of corruption that have had a negative impact on the image of the nation.

Many new policy options are geared toward ensuring greater accountability and probity in the system.

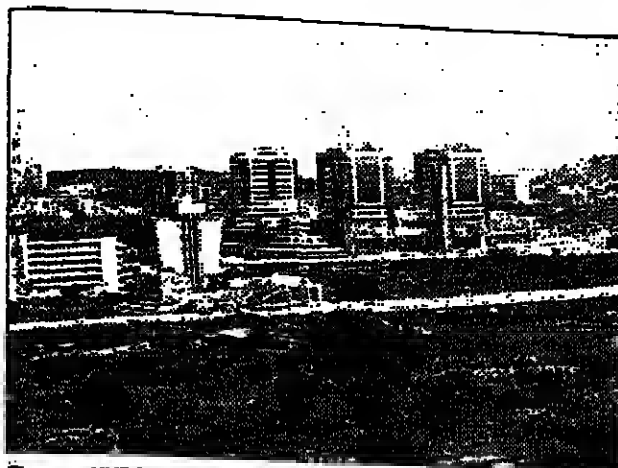
"We have been engaged in investigating the conduct of certain departments of government in the disbursement and application of public funds," the head of state recently told journalists. He has also indicated that the losses were mostly incurred through the embezzlement of amounts advanced for abandoned or over-invoiced contracts, and that a special account now exists at the Central Bank for recovered funds.

On coming to office, General Abubakar gave a strong indication that he would return the nation's public life to the path of probity and transparency. He is fulfilling that pledge with great single-mindedness. He has also made clear his understanding that one of the major factors leading public servants into temptation was their progressively dwindling pay packets, which have been hardly enough to take care of their most basic requirements.

The recent increase in the remuneration of public servants by a whopping 300 percent should go a long way toward removing the temptation to mismanage public funds.

From the onset of his administration, General Abdulsalam Abubakar has embarked on probes into areas of corruption that have had a negative impact on the image of the nation

NIGERIA: A FRESH START



The new NNPC headquarters in Abuja.

ENERGY SECTOR HOUSECLEANING

Wholesale reform is crucial to the oil sector, the mainstay of Nigeria's economy.

Common sense might have told successive Nigerian governments to take extreme care of the energy sector, which is the proverbial goose that lays the nation's golden egg.

This, unfortunately, has not been the case in the industry that accounts for more than 90 percent of Nigeria's income. The sector has been riddled with abuses, so much so that the world's sixth-largest producer of oil cannot find fuel for its domestic use, refineries have been left in a state of disrepair and the oil export market has become a matter of come-one-come-all.

General Abdulsalam Abubakar has taken steps to end this state of affairs. Early in his administration, he met with the major operators in the country's energy industry and involved them in the importing of refined fuel for domestic use, pending the completion of maintenance work on the country's refineries.

New ground rules

Late last July, the government released new guidelines for the removal of crude oil from Nigeria. Henceforth, any of the four categories of companies that are qualified to remove crude oil must have a minimum turnover of \$100 million or a net worth of not less than \$40 million. The four categories consist of upstream investors who have acquired an Oil Prospecting License and who must have completed a minimum amount of work on a concession, companies that own export refineries in Nigeria, bona fide end-users that own a refinery and retail outlets abroad, and established and globally recognized large-volume traders.

These categories of companies, which should manifest a commitment to the well-being of the national economy, will be required to pay a nonrefundable sum of \$100,000 for a term contract or \$10,000 for a single bid.

These measures, aimed at reintroducing rationality to

the nation's all-important petroleum sector, were followed by the scrapping of the Ministry of Petroleum, which in the view of the government had aided unbecoming activities in the sector.

Fundamental reorganization

The head of state has said that his administration has embarked on a fundamental economic revitalization program, an important aspect of which is the reorganization of the energy sector. General Abubakar said: "This is aimed at reducing the span of control in the Nigerian National Petroleum Corporation, creating an independent commission to regulate and monitor the petroleum sector, and the appointment of a special adviser on energy" to coordinate the activities of the NNPC and the independent commission.

"Our objective is to make the sector more effective and responsive to the needs of the Nigerian economy," he explained, adding that with the scrapping of the Petroleum Ministry, he would for the moment personally oversee the activities of the former ministry, while the permanent secretary would be responsible for the day-to-day administration of its activities.

The administration clearly recognizes the pivotal role of this sector of the economy and does not intend to relax its vigilance over it. This, no doubt, is why one of the first acts of the administration was to pay the outstanding \$630 million on NNPC cash-call obligations to joint-venture operations with major oil companies.

General Abubakar also promised that the government would adopt measures to permanently eliminate the cash-call problem. As if in response to these revolutionary measures, one of the major companies involved in joint-venture operations has announced that it will start exporting Nigerian gas this month.

— IN HIS OWN WORDS — On the Economy



Jean-Louis Sarailh, vice president, Africa region, of the World Bank

"Nigeria has the potential to be Africa's 'economic giant.' Its size, its great economic capacity, its rich natural resource endowment and its talented human resources give it great promise. The Nigerian economy could also be the locomotive that pulls the other economies of West Africa."

"Nigeria is now in a period of transition in both the political and economic realms. This has rekindled hope. The World Bank is ready to help Nigeria succeed at this crucial moment. My recent visit has given me

the opportunity to see the determination of the government and the economic team to address fundamental policy and development issues. It also helped me measure the enormous challenges that are the consequences of years of economic mismanagement."

"I was encouraged by recent developments, and we are hopeful that continued progress will allow us to find ways in which the World Bank can help the administration meet these challenges and achieve its economic objectives."

GETTING INDUSTRY BACK TO WORK

One of the priorities of the new government is to get the industrial sector back on a viable course.

Nigeria's industry is in need of reinvigoration, not only in order to provide employment for the population, but also to diversify the nation's income base.

It has become clear that for these twin objectives to be achieved, the industrial sector must be freed from government control and the private sector made the engine of growth.

Accordingly, the new administration in Nigeria has decided that one of the most critical developmental issues in Nigeria today is the need for policies that will enhance an efficient, competitive and diversified industrial base.

As Nigeria's experienced minister of industries, Onikpe Akande, stresses: "Nigeria should become the leading industrialized nation in Africa, exerting great influence in the world economy."

Millennium vision
A member of the committee of Nigerians who fashioned the Vision 2010 blueprint for socioeconomic development into the next millennium, she says that the impetus of private-sector participation, coupled with



Onikpe Akande, minister of industries.

an injection of foreign capital, is needed to transform the industrial sector into the prime mover of the economy.

This, she adds, is "the brightest hope for sustained growth, employment generation, improved savings, poverty alleviation and, indeed, economic development."

Ms. Akande, who brings to the ministry several years' experience as a leading private-sector industrialist, says that the new impetus in industrial development should provide the nation with "a substantial capacity for ex-

ports of manufactured goods."

The present administration is determined to vigorously pursue the objectives of the new Industrial Policy, which is in tune with its liberalization policy. The government says that every possible avenue will be explored to ensure the participation of the private sector.

"The main focus of the policy," says Mrs. Akande, a Harvard-trained chartered accountant, "is the dis-

engagement of the government from all activities that are strictly private sector-oriented, while playing the role of a facilitator by concentrating on the provision of the incentives, policy and infrastructure necessary to allow the private sector to play the new role ascribed to it."

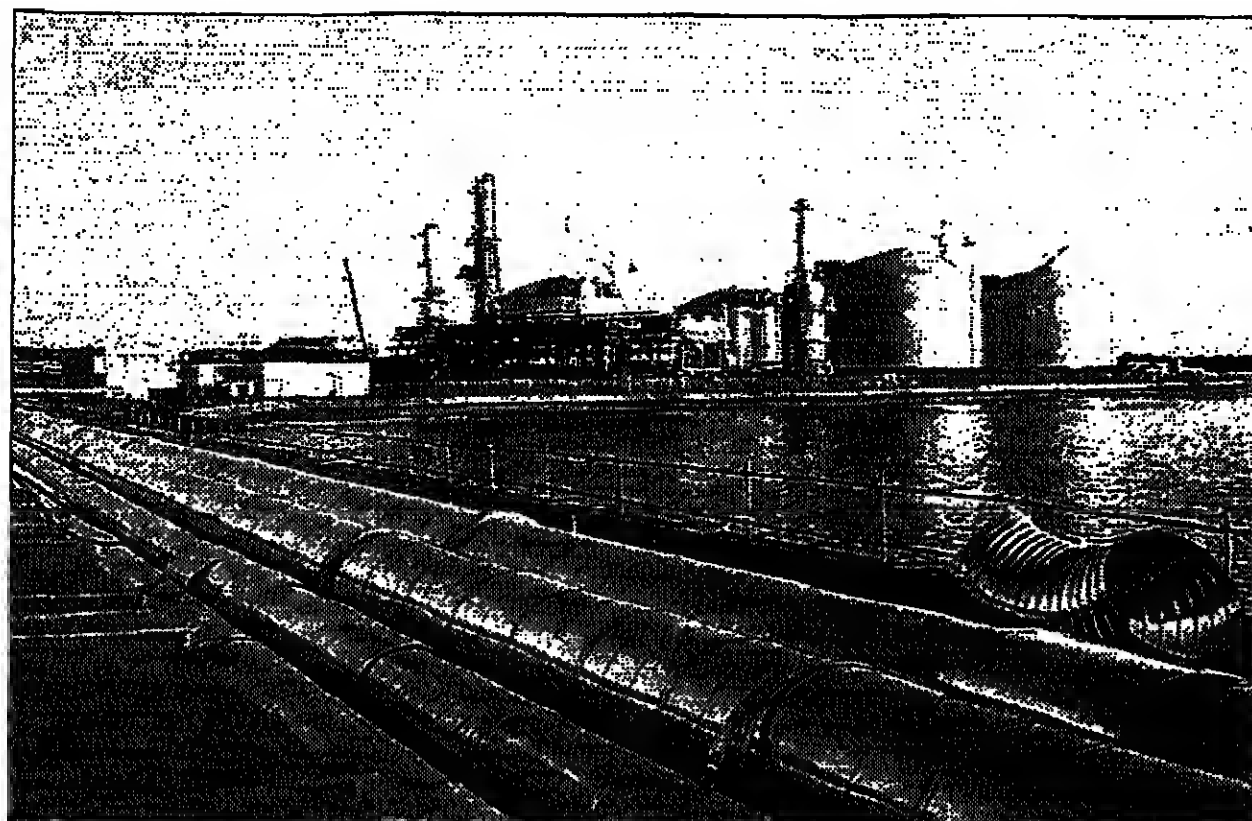
Increased efficiency

The basic objective of the privatization and commercialization policy options adopted by the Abubakar government is to increase the efficiency, performance and cost-effectiveness of industry.

Mrs. Akande hopes that Nigeria will be producing a significant proportion of goods and services for its people and the markets of the Economic Community of West African States in the short run, and for the world before the year 2010.

Spreading the word
During his meetings with key Western businesspeople in Europe and America, Nigeria's head of state is promoting new industrial opportunities as well as informing them of the giant strides that have already been made to provide incentives and the efforts to create a more clement climate for investors in the industrial sector.

As Mrs. Akande points out: "With all these measures in place, coupled with our abundant natural and human resources and the committed concern of the present administration, we shall be able to propel our industrial development to a greater height. Our resolve, therefore, is to be able to move the Nigerian nation forward to better living conditions for our people and ultimately to become the first 'African Tiger.'"



The oil industry accounts for 90 percent of Nigeria's income.



Road improvement is at the top of the public works agenda.

INFRASTRUCTURE PRIORITIES SET OUT

The special fund for the improvement of infrastructure will be given sharper focus.

The current government of Nigeria has embraced the Petroleum (Special) Trust Fund, or PTF, which was established in 1995 to tend to the decaying and dilapidated infrastructure the administration encountered when it came to power. The fund was set up to utilize the sums that accrued to the state as the result of new prices for petroleum products following the controversial increase in October 1995.

Because of the skepticism of Nigerians about the proper disbursement of such sums, the management of the fund was entrusted to the former head of state, retired General Muhammad Buhari, whose uprightness is generally acclaimed. The fund has expended over \$2 billion in the rehabilitation of infrastructure all over the country.

As a rescue operation for the nation, General Buhari's PTF has improved roads, water resources, food supply, transportation, and health and educational institutions. So effective and extensive have been the activities of the PTF that every level of governmental administration has continued to call on it, and the PTF began to risk losing focus and direction. Gradually, it began to look as if the PTF itself was in need of rescue, like the infrastructure it was protecting.

That seems to be exactly what General Abdulsalam Abubakar did when he decided to put the PTF back in focus.

In his national broadcast on July 20, he commended the efforts of the PTF and underlined his administration's determination to support and strengthen the activities of the fund. He has directed the fund to concentrate its activities on roads, health and educational infrastructure.

COMMUNICATING WITH THE WORLD

An effective telecommunications system is central to winning back international confidence.

Canice Umenwaliri, an experienced engineer and air force general and the former chief of communications in the nation's defense headquarters, is the new minister of communications, with a presidential mandate to effectively link Nigeria to the world within the short period available to the administration. Here, Air Vice Marshal Umenwaliri outlines the challenges as well as the enormous investment opportunities represented by Nigeria's telecommunications industry.

What are the main challenges of your ministry in relation to the new policy direction of the current administration?

We wish to ensure that we are not left far behind in the fast-developing trends in telecommunications, so that we can remain in tune with the world. The state of the communications industry can make or mar the progress and aspirations of any nation. Through faulty communications, an entire nation can be misconstrued. We are, therefore, ensuring that we remain abreast of modern technologies and trends in the industry; we shall continue to invest in modern technologies and facilities to ensure that we remain relevant and in tune with other parts of the world.

What specific steps are you taking?

Earlier in the year, the telecommunications industry was liberalized to open the way to private-sector investment. In spite of the recent past political problems, many investors have shown interest. The monopoly of the government has been broken in the provision of telephone services. The trend is ongoing. In fact, since I came, over 60 foreign companies have sent in their applications, pointing to the fact that they are aware of the government's determination to boost telecommunications and of the enormous opportunities that abound.

We are new to the ministry, but not to the industry. I have toured some installations and exchanges in the country. The replacement of old facilities has been going on satisfactorily. A case in point is the exchange that was destroyed by fire in Lagos and which has been totally re-equipped with modern digital facilities by a foreign telecommunications company. Digital exchanges are replacing the old analog ones all across the country.

However, a lot still needs to be done in the area of radio monitoring, which has many implications for our defense industry. We have made a strong case for the replacement of obsolete equipment, and we have already started getting proposals from foreign firms.

In which specific areas would you most welcome foreign investors?

Foreigners are already aware of our system, shortcomings and requirements. I believe that satellite communications technology is the hottest thing in the industry market now. Because the area is capital-intensive, we expect the big foreign concerns to take advantage of the

liberalized environment to come forward and invest. Already, about 40 licenses have been approved. We welcome more investors for more effective competition and reduced costs.

Why has Nigeria still not achieved full Internet connectivity?

We are taking the issue of Internet connectivity very seriously, so much so that the head of state has taken a personal interest in it by ordering my ministry, the science and technology ministry and the Internet group to iron out the problems denying Nigerians full use of Internet services. We have met several times, and the problems are being ironed out.

What has been the nature of the problem, and when will full Internet services be available?

There were some minor misunderstandings over the domain name registration between an organization and the Internet group, which is a group of licensed private-sector operators who had been at the forefront of efforts to achieve Internet connectivity. It is through these private operators that we have been able to achieve the partial connectivity we have been enjoying. The hitches have now been cleared up, and very soon we shall be fully on-line.

Why is it that some important commercial and industrial cities like Abuja and Onitsha still do not have digital facilities? Is it political?

I agree that those places with a great need for telecommunications services and consequent high revenue-yielding potential had been left out in the digitalization programs, but it is obviously not political, as they had always been included in the annual budgets. If anything, the omission might be administrative. It is my intention to make the is-



Air Vice Marshal Canice Umenwaliri.

sue of provision of services according to objective criteria in the practice of the ministry. We shall do a good job in the short time available to us. But for now, we shall encourage investors to provide digital services in these areas through the wireless loop system.

In what shape do you hope to leave the communications industry?

We hope to ensure the operation of the equipment in top condition. We hope to bequeath a working telecommunications system that will effectively link Nigeria to the rest of the world.

Furthermore, we shall ensure that the liberalization objectives of the new government are being fully implemented.

ECONOMIC BASICS

GROSS DOMESTIC PRODUCT \$37.8 billion (1996 estimate)
MAIN AGRICULTURAL CROPS Yams, cassava, sorghum, rice, millet, maize, sugarcane, taro, plantains, peanuts, palm oil, chilies and green peppers, tomatoes, palm kernels, cotton lint, cocoa beans, timber and livestock
MINERAL RESOURCES Petroleum, natural gas, coal, tin, columbite, limestone, iron ore, lead, zinc
MANUFACTURING Food products, brewed beverages, refined petroleum, iron and steel, motor vehicles, textiles, cigarettes, footwear, pharmaceuticals, pulp and paper, cement

EMPLOYMENT BREAKDOWN 47% services; 46% agriculture, forestry and fishing; 7% industry
MAJOR EXPORTS Petroleum, cocoa beans, rubber, urea and ammonia, fish and shrimp, textiles, cotton
MAJOR IMPORTS Machinery and transportation equipment, manufactured goods (mostly iron and steel, textiles and paper products), chemicals, food products
MAJOR TRADING PARTNERS United States, Germany, Britain, France, Spain, the Netherlands
CURRENCY: Naira (100 kobo = one naira) EXCHANGE RATE: 85 naira = \$1

SPONSORED SECTION

NIGERIA: A FRESH START

FOCUS ON ABUJA, A SYMBOLIC CITY

The new Federal Capital Territory has become the pulse of the nation.

Frustrated with their chaotic capital, Lagos, Nigerians elected to abandon it for a more serene, ordered and original capital. This was how the idea of Abuja was born in 1976, under the regime of Major General Murtala Muhammed, who was assassinated four days after signing the legal instrument for the establishment of the Abuja Federal Capital.

Nigerians had set out to build a new capital on near-virgin land, away from the geopolitical control of any of the country's three major ethnic groups. The idea was that Abuja would be the center of national unity, a symbol of the excellence of Africa's most populous nation. Those aspirations were thus in the forefront on Oct. 1, 1982, when President Shugu Shagari celebrated the national day in Abuja, launching the development of what was expected to be one of the best-planned, most beautiful cities in the world.

A great impetus for the development of Abuja was the relocation of the seat of government from Lagos to the new capital on Dec. 12, 1991, by the then-military president, General Ibrahim Babangida. Thereafter, Abuja grew by leaps and bounds, sometimes at the expense of other areas that made demands on the nation's resources.

What was important to Nigerians, however, was that the new capital stood out in its modernity and resplendence. Nigerians were proud

that they had a city that could be likened to a paradise, where power outages, water shortages, traffic jams and crime were practically nonexistent.

Then, in the last four years, things went astray. The gains were reversed as Abuja fell on difficult days. Instead of being a city tailored to grow in conformity with a carefully thought-out and prepared master plan, the city fell into the hands of administrators who distorted the plan for untoward reasons. Expansion stalled, with the attendant overburdening of infrastructure and utilities.

When General Abdulsalam Abubakar came on the scene, he vowed that this trend had to be reversed. That vow was dramatized by the appointment of a man who is reputed for "righting wrongs," no matter how far down the drain the situation had gone. The retired army general Maman Kontagora was the man General Abubakar chose for this rescue mission.

Before coming on board as the new minister of the Federal Capital Territory, Major General Kontagora was engaged in rescuing the fortunes of Ahmadu Bello University from social, economic, academic and political difficulties.

Major General Kontagora has set out on his job with characteristic single-mindedness. He has vowed publicly "to sanitize Abuja" by clearing away all the distortions to which the city had been subjected. ■



Top, the marketplace in Abuja; above, a political rally takes place in the federal capital.

A SAFER PLACE To Do BUSINESS

The Nigerian law enforcement agency has pledged to keep the country secure.

A couple of years ago, the ready excuse of a reluctant or ignorant prospective visitor to or investor in Nigeria was that it was a nation of cutthroats. This is not to say that Lagos and a few other Nigerian cities did not give natives and foreigners alike cause for concern. Since then, however, Colonel Muhammed Mada, the Lagos State military administrator, has given undesirable elements a run for their money.

Anticrime units

The transformation of Lagos and other Nigerian cities was aimed at safeguarding lives and property. Special anticrime outfits, such as the award-winning "Operation Sweep" of Lagos State, were established and eventually copied in all 36 states of the country and in Abuja. They became an effective antidote to urban crime.

That initiative was undertaken by Nigeria's police chief, Alhaji Ibrahim Cunniff. These special units of the police and other sections of the armed forces have indeed proved effective in fighting crime.

The commitment of the new administration to these and other efforts to keep the nation secure underscores its understanding that foreign investment and capital inflow would remain only wishful thinking as long as danger signals persisted.

The commitment to bettering the lot of the police force, which had not fared as well as its armed forces counterpart under the military administration, is also welcome news to most Nigerians.

In spite of the seriousness and firmness the authorities have shown in hantling the problem of advance-fee perpetrators of fraud, its practitioners keep perfecting new schemes to beguile unsuspecting victims.

Nigerian authorities are aware of the havoc these scammers have wreaked on the image of the country, and are doing all they can to reverse it.

Media alert

The police and other concerned agencies of the government, including the Central Bank and the Nigerian National Petroleum Corporation, have been using a variety of different media to alert members of the international community about the potential menace of these scammers.

Because of their many missions operating abroad, Nigerian authorities recommend that anybody who receives a business proposal from Nigeria should, first and foremost, take the initiative of cross-checking with the relevant government or private-sector organizations, which are easily accessible through the embassies or high commissions. ■



Nnamdi Chigbo, operations engineer for a major oil company in Lagos

— IN HIS OWN WORDS —
On Business

"Before Sani Abacha died, business was very slow. The change in government has undoubtedly opened doors. The government no longer owes its own part of its commitment, notably in the oil sector."

"General Abdulsalam Abubakar has met with the chief executive officers of

the leading oil companies. So it is fair to say that Nigeria has become a good venture for business. Investors should seize this opportunity."



Traditional canoes are used by all ages in Ogoniland, in the Niger Delta.



Nigerians cheer their team through its victorious World Cup opening match against Spain.

SPORTS MOVES IN A NEW DIRECTION

Some of Nigeria's most visible natural resources are its sports figures and teams.

Nigerians have become so accustomed to the social and political advantages of sports that it is easy to forget that sports—especially soccer, in which the nation has become a giant—has become one of the world's biggest businesses.

Sports is one of Nigeria's great unifiers, and during its darkest diplomatic hours, it was sports that held out a flicker of hope for world recognition and acclaim. In the spirit of the new era in Nigeria, with its emphasis on private-sector initiative and the concomitant policies of privatization and commercialization, the economics of sports is getting prominent attention.

The minister of sports and youth development, retired Air Commodore Emeka Omeruah, says: "It is Stone Age thinking to persist in the belief that the government should continue to shoulder the burden of sports in Nigeria."

A longtime proponent of privatization in sports, long before the government's Vision 2010 blueprint articulated it, Mr. Omeruah says that his ministry has already started working out the modalities of this policy. To that end, he says, sports in Nigeria have been divided into three categories, on the basis of their levels of development. Those like soccer, which are well-developed, will soon be put on the privatization market, while less-developed ones will be put in line for privatization.

The minister hopes that by the year 2010, all aspects of the nation's sports will be sufficiently developed for the government to let go of them.

"This is the only way the nation can reap the full benefit of the enormous sporting talents that abound in the country," says Mr. Omeruah, who regretfully points out the inadequate interest of big corporate bodies in Nigerian sports. He adds that the time has also come for Nigerian sports figures who have made it big outside the country to plow some of their fortunes back into sports development in Nigeria.

In Mr. Omeruah's view, the government's role in sports should be that of a facilitator, providing the initial infrastructure as an incentive to those interested in taking over.

Under 21 World Cup

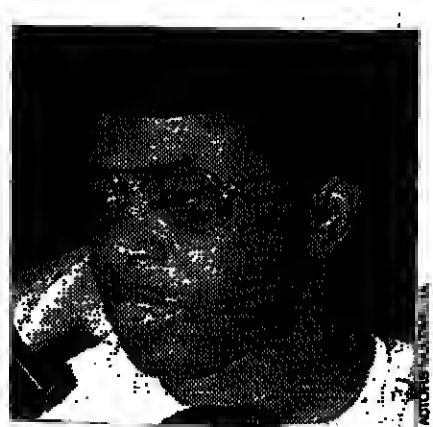
Mr. Omeruah, as a three-time sports minister and chairman of the nation's soccer federation, points out that last summer's World Cup in France was a huge financial success. He considers it doubtful, however, that Nigeria will be able to make a similar claim at the end

of the Under 21 World Cup tournament it is playing host to early next year. He attributes this to the involvement in sports by the government, where the profit motive is hardly emphasized.

He is nevertheless confident that Nigeria's preparations for the youth soccer tournament are proceeding apace. The stadium preparation and refurbishing are on course. "What is left is the finalizing of arrangements for the communications infrastructure, like the Outside Broadcasting vans and other facilities," he says.

While the minister has put preparations for next year's All African Games in South Africa in motion by inaugurating its management body, he is concerned that Nigeria is still under sports sanctions from the countries of the European Union.

"We have opened up to the world," he says, "the world should also open up to Nigeria."



Air Commodore Emeka Omeruah, minister of sports and youth development.

TRAVEL TIPS FOR VISITING NIGERIA

The following suggestions can make business trips to Nigeria run more smoothly.

Under the new government's liberalization, more business visitors are expected in Nigeria. Prospective visitors to the country should note that:

- A visa is required for all categories of visitors apart from citizens of the Economic Community of West African States member countries, who can stay for up to 90 days without visas. Visa applications from Nigerian missions abroad will be facilitated if the applicant arrives with a letter of application. Preferably, a copy of the letter should also be faxed to the mission by your prospective host.

- An international vaccination certificate (or Yellow Card) is also required, even though it may not have been required the last time you went to Nigeria.

- There is no restriction on the amount of foreign currency that may be brought into or taken out of the country,

provided an adequate declaration is made with Customs at the entry/exit point. Also, in the effort to combat money laundering, authorities might require Central Bank authorities to be notified if sums in excess of \$10,000 are being transferred. Procedures should be quick, polite and hassle-free.

Before arrival in Nigeria, visitors should:

- Arrange to be met by business partners, travel or hotel staff, or friends and relations. First-time visitors may be surprised by the noisiness of Nigerian international airports in contrast to what the visitor is used to in other countries. Never engage in negotiations with the "good Samaritans" who frequent the arrival points of airports.

- Make hotel reservations before arrival (especially in Lagos, Abuja and Port Harcourt). Most of the good hotels can arrange for your transport from the airport. Some of the local airlines op-

erate shuttle services running from the airports to the major hotels and to the city center.

- On arrival at the airport:
 - Never negotiate with or patronize nonregistered airport operators. They might be cheaper, but...

- While negotiating deals:
 - It is quite normal and "Nigerian" for your host to offer to pay for your meals and entertainment, or even your hotel bills. You might hurt his self-esteem if you turn down such offers. You might even ruin the deal.

- Some small presents for your hosts and/or members of their staff or family might be helpful, but nothing expensive like perfumes, branded pens or items of stationery, neckties, scarves, etc.

- Nigerians are very hospitable and proud people. They like to show off their foreign friends. Allow them to. But never disparage their country in discussions with them or others. ■



Nigerian Augustin Okocha, a star player for the Paris Saint-Germain soccer team.

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NIGERIA: A FRESH START

DIPLOMACY: COMING IN OUT OF THE COLD

The foreign affairs minister is making international rapprochement a priority.

When General Abdulsalam Abubakar made up his mind to woo back the confidence of the international community, he chose as foreign affairs minister one of the nation's most experienced and persuasive diplomats. Ignatius Olesimeka, a two-time permanent secretary of the Foreign Ministry and the nation's former envoy to Kenya, Spain, the United States and Israel, was General Abubakar's man for the task of fence-mending.

The former dean of the diplomatic corps in Israel has few illusions about the challenges facing the administration in the international arena, especially in terms of reconciliation. He says: "We are faced with the challenge of pursuing a broad policy of government, ensuring the success of the transition program and making a positive impact through a policy of domestic reconciliation as the head of state has embarked upon, in order to expand it to a policy of reconciliation with the broader international community."

Ambassador Olesimeka's reasoning is that when things are out of alignment at home, "the influence is felt abroad." Now that the Abubakar administration has decided to get the nation back on an even keel by reconciling Nigeria to the world, Ambassador Olesimeka hopes that "the world will reconcile itself with us." On the issue of human rights, which has been one of the biggest bones of contention, Ambassador Olesimeka points out that there is evidence for the world to see, drawing attention to the visible, verifiable and phenomenal steps that have been taken in that direction. "Some people have even started wondering whether we have not gone too far, too soon," he says.

Facing the world boldly

The diplomat says that since Nigeria's foreign policy has always been geared toward the pursuit of its strategic interests, it should continue to face the world as boldly as it has always done, "clearly demarcating who our friends and basic interests are."

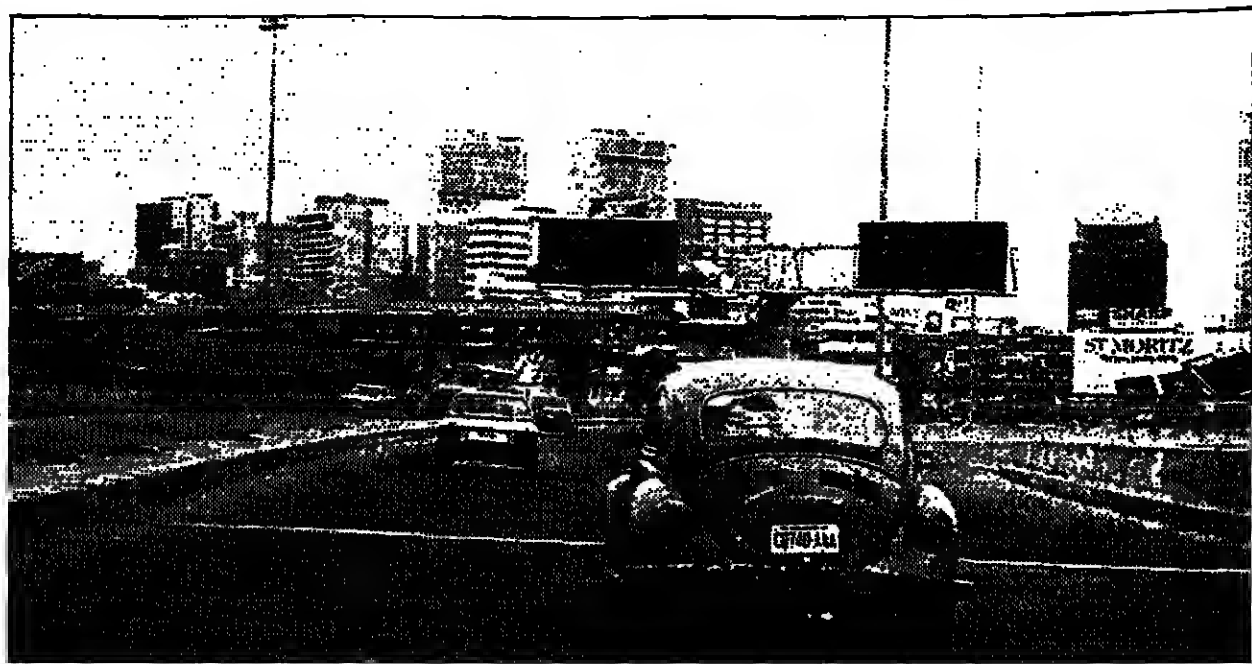
That General Abubakar is succeeding in his rapprochement policy is evidenced by his two visits to South Africa in August, where, according to the foreign minister, President Nelson Mandela accorded General Abubakar a warm reception in Pretoria.

"We saw the noble gesture by Mandela manifested when he addressed the Parliament; we also saw it shown in the mutual willingness of both leaders to renegotiate issues of mutual interest to the Southern Africa Development Committee and the Economic Committee of West African States," he says.

He also drew attention to Mr. Mandela's gesture of singling out General Abubakar at the Nonaligned Movement summit in Durban for commendation for his courage and wisdom in positively transforming Nigeria's situation.

Following General Abubakar's positive steps to correct the errors of the past, Ambassador Olesimeka is convinced that the time has come for Western nations' sanctions against Nigeria to be lifted. "We have been engaged in dialogue with a number of Western leaders," he says, adding that Canada, which was one of Nigeria's critics, had met with the Nigerian authorities and decided to restore diplomatic ties. "There is a lot of goodwill for us, but for sanctions to be lifted, there must be formalities," he adds.

As for Nigeria's foreign policy priorities, he says, "We have to continue to correct the errors of the past to enable Nigeria to stand tall and proud again in the community of nations, within the framework of ECOWAS, the Orga-



Nigeria is on the road to reclaiming its place on the international stage.

nization of African Unity and the UN as a leading black and African nation."

That is why, according to him, Nigeria is discussing the issue of a permanent Security Council seat for Africa with other African nations with great interest.

To him, it is only logical that if the UN demands democratization from its member nations, it should also reform itself by democratizing its institutions. "We have a stake in the UN reforms and in adequate and equitable representation for our continent," he declares.

United States visit

He is equally encouraged by the visit of Nigeria's head of state to the United States, during which the foreign minister hopes significant progress will be made in the ongoing fence-mending between the two countries. This visit is a breakthrough, considering that since 1984 the United States has denied visas to Nigeria's four previous leaders.

"We are expecting to discuss a lot of issues of mutual interest with the Americans," says Ambassador Olesimeka, adding that he hopes the issues of sanctions, drug certification, civil aviation and foreign investment will form the kernel of the discussions. ●



General Abubakar with President Nelson Mandela of South Africa. A new access to the rest of Africa is in the making.



Foreign Minister Ignatius Olesimeka.



These Nigerian soldiers will soon be returning to the barracks.

PROVIDING A WELCOME BOOST FOR COMMERCE AND TOURISM

Nigeria hopes to attract not only more investors but more vacationers as well as it reviews its policies in these areas

In spite of the many salient articles from the "capitalist manifesto" that have been injected into Nigerian business statutes on commerce and industry, foreign investors have not streamed in. Rather, because of the uncertainty and instability brought about by the political situation over the past several years, the more optimistic investors merely sat on the fence and adopted a wait-and-see attitude. The less optimistically inclined packed up and left.

Chief Kola Daisi, the national president of the Ni-

gerian Association of Chambers of Commerce, Industry, Mines and Agriculture, recently lamented this trend, but was certain that "the new, positive steps taken by the federal government will not only stem the divestment tide, but will also place the country back on the list of investment-friendly nations."

The extra mile

The NACCIMA president, like his counterparts in the other areas of commerce, are hoping that the Abubakar administration will go the extra

mile in encouraging commerce and tourism, whose enormous potential has not yet been realized.

The general expectation is that with the repositing of Patrick Aziza, a serving army general, from communications to the commerce and tourism ministry, the administration intends to instill a new sense of vigor in the sector.

Nigerians expect that within the short life-span of the present administration, the Export Processing Zone in Calabar will be completed and commissioned. It is also

expected that port reform measures will remain, and that the new administration pledge that goods at the ports should be cleared within 48 hours will soon become a reality.

Nigerians are hopeful that the good intentions stated in regard to tourism development over the years will be translated into action. It is, therefore, pertinent that the private sector, which has been afforded a lot of leeway in the new economic and business order, is coming to better grips with its own responsibilities in the develop-

ment of commerce and tourism in the country.

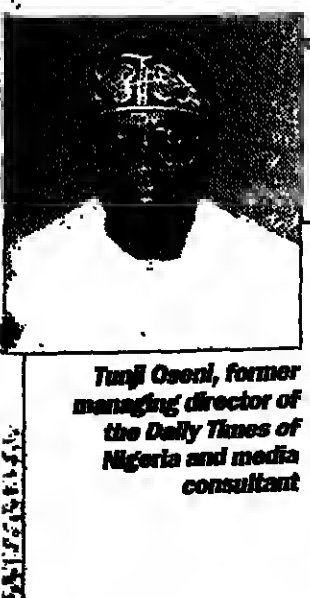
Getting the word out

Given that there is still much to be done in the area of infrastructure and telecommunications, the private sector is currently doing some soul-searching. Paul Onyiah, vice president of Nigeria Hotels Association, argues that "lack of adequate promotion and marketing, rather than infrastructure, is the bane of the tourism industry" in the country.

He points out that even those African, Caribbean and

Asian countries with less-developed infrastructures still attract more tourists to their countries.

One prominent Nigerian writer on tourism expects the new minister to spend less time at his desk than his predecessors and do more on the ground. For, according to Joseph Adebayo: "This is a rare opportunity for General Aziza to etch his name in gold during his brief stay, by not relying only on the briefs of officials alone, but by making sure physical tours of our destinations are carried out." ●



Tunji Oseni, former managing director of the Daily Times of Nigeria and media consultant.

— IN HIS OWN WORDS — On Emerging Nigeria

"General Abdulsalam Abubakar's two successive visits to South Africa, his address to the United Nations and the contact with the international media illustrate that there could be sufficient goodwill to refurbish the luster of economic diplomacy."

"The military administration should, however, do nothing to

shake Nigerians' resolve about their commitment to their democratic pledge. A turnaround from pariah status can translate for Nigeria into investments, international goodwill and cooperation. A lot will depend on how Nigeria uses the opportunities that are now knocking."

ACTIVE STANCE FOR WOMEN

Nigerian women are influencing the circumstances in which they live.

In the past two centuries, visionary women political leaders well-known to Nigerians, like Queens Amina, Idia and Moremi, left indelible legacies on the political landscapes of their different kingdoms in what is now Nigeria.

Nigerian women have long been partners to their male counterparts in various sociopolitical causes. In 1929, Aba market women confronted the assaults of colonial police while resisting the overtaxation of their husbands. Today, women are an indissoluble part of Nigeria's national history: Fumilayo Ransome-Kuti led and won the fight for women's voting rights in the early 1950s, Gambo Sawaba defied the restrictions of religious and cultural backgrounds, and Janet Moku and Margaret Ekpo were Nigeria's first two elected female legislators.

Local and global

In more recent times, dynamic and visionary Nigerian women who have found themselves in leadership positions in business as well as government have been able to

sustain this tempo of achievements, not only within the nation but also, and increasingly, on the international level. Many of them have distinguished themselves in sports and cultural activities, raising the profile of their country.

Yet in all these endeavors, the Nigerian woman has hardly departed from her primary and traditional role as tender of the family. If anything, she has successfully continued to redefine and expand the frontiers of the African family. This is the source of the Nigerian woman's realization that she should no longer be content merely with the articulation of social programs that are aimed at improving the lot of women and their individual households.

Long before the United Nations World Conference on Women in Beijing in 1995, Nigerian women had discovered the need to expand the frontiers of their activities in order

to achieve greater social relevance. In this way, programs like Better Life for Rural Women and the Family Support Program, initiated by two former first ladies and aimed at poverty alleviation and improving the lot of nuclear families, metamorphosed into programs with a larger geographical scope and significance.

Addressing the West African First Ladies Summit in Accra, the Ghanaian capital, on July 27, Nigeria's first lady, Fati Abubakar, a high court judge, recalled the genesis of this humanitarian initiative for peace on the continent and the pioneering role played by her predecessor, Maryam Abacha. Nigeria was host in 1997 to the first West African First Ladies Summit, which took important resolutions for the betterment of African women.

In this regard, Mrs. Abubakar pointed out that the first ladies' peace initiative had delivered relief aid and helped in the rehabilitation of refugees in different theaters of conflict on the continent. Nigeria's first lady assured the world that the Nigerian woman would continue to lead her counterparts on the continent in heading the cries of victims of civil strife in Africa.

This concern for the victims of conflict on the African continent will be upheld by the continuing commitment of First Lady Fati Abubakar to this cause.

Noting the achievements of the initiative in such countries as Liberia, Sierra Leone, Congo, Angola, Somalia and the Great Lake region, Mrs. Abubakar pledged the Nigerian woman's "collective solidarity with the suffering women and children, as well as the thousands of displaced persons affected by civil strife."

She went on to invite all men and women of goodwill in Africa and around the world to "join us in this endeavor so that our suffering women and children in those countries may begin to regain their sense of dignity and self-worth." ●



First Lady Fati Abubakar.

NEW TACK FOR INFORMATION

Government information is on the way to becoming a two-way street.

After John Nnia Nwodo, Jr. was sworn in as the new information and culture minister, he promised the nation a new deal in information management. Hitherto, Nigerians had become accustomed to the monologue that had been passed off as information.

Mr. Nwodo said that all that would change, and that he would henceforth not just "inform the people about the government," but would also "inform the government about the people." For him, the government was there for the people and not vice versa.

The minister, who comes from a political family and who served as aviation minister during the Second Republic of President Shugu Shagari, is not new to ef-

fective information management. Neither is he unaware of how far the power of honest, persuasive appeal to reason can go in achieving objectives.

If "the medium is the message," then General Abdulsalam Abubakar's choice of Mr. Nwodo as his chief spokesman and information manager in this era of national and international reconciliation is appropriate. Mr. Nwodo understands and empathizes with the members of the press, who are insisting that some curbing provisions must be expunged from the constitution, a measure that will soon be promulgated.

Faced with this man of dialogue, serving in a government that aims to fashion a new beginning, members of the media are confident

that they and the government will find a satisfactory meeting ground.

Mr. Nwodo's tenure will be challenged by the demands of external information management and by the need to employ the most up-to-date methods to market Nigeria to the world.

These challenges include equipping Nigerian information centers abroad with the most current information on Nigeria and the Economic Community of West African States, and improving the technological performance of the Nigeria Television Authority and the Federal Radio Corporation.

As a sign of the new times, the information minister has already visited several media houses, including those banned in the past, and been welcomed. ●

USEFUL ADDRESSES

Bilateral Chambers of Commerce in Nigeria
c/o Clara Osinulu
AAPS Representative Office in Nigeria
Hamburg House
33/35 Martins Street
P.O. Box 2382
Lagos

Headquarters
838 United Nations Plaza
New York, NY 10017
U.S.A.
Tel.: (1 212) 947 5666

Lagos Chamber of Commerce and Industry
Commerce House
1 Idowu Taylor Street
Victoria Island
P.O. Box 105
Lagos
Tel.: (234 1) 613 898

Manufacturers Association of Nigeria
M/N House
77 Obafemi Awolowo Way, Ikeja
P.O. Box 3835
Lagos
Tel.: (234 1) 967 482

National Maritime Authority
Plot 1970 Michael Okpara Way
Wuse Zone 5
Abuja
Tel.: (234 9) 523 7025

The Chartered Institute of Bankers
PC 19 Ateola Hopewell Street
Victoria Island
P.O. Box 72273
Lagos

Nigerian National Petroleum Corporation
7 Kofe Abayomi Street
Victoria Island
PMB 12701
Lagos
Tel.: (234 1) 269 0470 78

Nigeria Enterprises Promotion Board
72 Campbell Street
Lagos
Tel.: (234 1) 260 0520 1, 263 1882

Nigeria Port Authority
26/28 Marina
Lagos
Tel.: (234 1) 260 0520 1, 263 1882

Nigerian Shippers Council
Plot 51 Usama Street
Maitama District
PMB 296, Gariki
Abuja
Tel.: (234 9) 523 0653

National Insurance Corporation of Nigeria
(NICON)
Plot 4 Sfax Close
Off Herbert Macaulay Way
Wuse Zone 4, PMB 5029
Abuja
Tel. & fax: (234 9) 523 7126 4

Nigeria Deposit Insurance Corporation
447/448 Central Business District
(Along Airport Road)
PMB 284
Abuja
Tel.: (234 9) 523 7710
Fax: (234 9) 523 6007

Institute of Chartered Accountants of Nigeria (ICAN)
Plot PC 16 Idowu Taylor Street
Victoria Island
Lagos
Tel.: (234 1) 261 4235

Nigeria Telecommunications Limited (NITEL)
3/5 Tafawa Balewa Square
Lagos
Tel.: (234 1) 260 0770 9

WORLD ROUNDUP

Guidi Takes a Stage

CYCLING Fabrizio Guidi of Italy and the Poli team won the 18th stage of the Tour of Spain on Wednesday, his third victory in the 22-stage cycling marathon. Abraham Olano of Spain and the Banesto team remained the overall leader.

Guidi covered the 223-kilometer (138-mile) flat run from the northern city of Leon, south to Salamanca, in 5 hours, 39 minutes and 40 seconds, winning the leg in a sprint finish.

With four stages to go, Olano remained 22 seconds ahead of Laurent Jalabert of France and the ONCE-Deutsche Bank team in the No. 2 spot. Olano also stayed 31 seconds ahead of his third-place Banesto teammate and fellow Spaniard, Jose Maria Jimenez.

(AP) Lance Armstrong of the United States has battled back from cancer to compete in the Tour. Page 27.)

Manchester Fans Unite

SOCCER More than 28,000 letters were mailed to Manchester United shareholders Wednesday as part of a campaign to stop the takeover of the club by Rupert Murdoch's British Sky Broadcasting Group.

The United board has accepted the proposed £623 million (\$1.04 billion) deal, which still needs approval of the club's shareholders and government regulators. A group called Shareholders United Against Murdoch has written to all registered shareholders urging them to oppose the deal.

Michael Crick, who started the campaign at a central Manchester post office, said: "We want to get one message across to the small shareholders: It's very important they do not accept this deal." **(AP)**

Oldest of Old Timers Dies

BASEBALL Chet Hoff, known as Red, the oldest former major league baseball player, is dead at 107. Hoff was buried Tuesday in his birthplace of Ossining, New York.

Hoff was 2-4 with a 2.49 ERA in 23 games over four years in the majors. He signed with the New York Highlanders, who later became the Yankees, in 1911. **(AP)**

For Griffey, 140 RBIs And Lofty Company

The Associated Press
Ken Griffey Jr. hit two home runs and joined Babe Ruth and Lou Gehrig as the only players to drive in 140 runs in three consecutive seasons as the Mariners downed the Oakland Athletics, 7-6, in Seattle.

Griffey, who has 140 RBIs, hit solo homers in the third and fifth innings to give him an AL-leading 55 homers.

BASEBALL ROUNDUP

Seattle's Alex Rodriguez hit his 41st home run to set the AL record for home runs by a shortstop. He passed Rico Petrocelli, who hit 40 home runs in 1969.

Jamie Moyer (15-9) pitched six innings in the game Tuesday night, giving up nine hits and four earned runs while striking out nine. Mike Tulin pitched the ninth for his 18th save.

Red Sox 11, Tampa Bay 2 Host Boston broke out of a hitting slump and closed in on the AL wild-card berth, beating Tampa Bay behind Pete Schourek's first victory after more than six weeks with the Red Sox. Boston remained 3½ games ahead of Toronto, which beat Baltimore.

Blue Jays 7, Orioles 3 In Toronto, Jose Canseco set a new career high with his 45th and 46th home runs as the Blue Jays beat the Orioles. Canseco surpassed his previous career best of 44 in 1991 when he hit a two-run homer in the first.

Yankees 10, Indians 4; Yankees 5, Indians 1 In New York, Hideki Irabu pitched eight strong innings, and the Yankees beat Cleveland to complete a sweep of a day-night doubleheader.

In the first game between the AL division champions, a rookie, Shane Spencer, hit two home runs for the Yankees. Spencer got two more hits in the second game as the Yankees improved to 109-48, tying the win total of the 1961 Yankee team, leaving them behind only the club mark of 110 set in 1927.

White Sox 4, Twins 1 In Minneapolis, James Baldwin came within three outs of his first career shutout and Chicago beat Minnesota for its fifth straight victory.

Tigers 14, Royals 4 Luis Gonzalez homered and drove in four runs, leading visiting Detroit over Kansas City. Gonzalez capped a four-run fourth inning with a three-run homer and added an RBI single in a four-run ninth.

Pirates 9, Angels 1 Rick Helling al-

lowed three hits in eight innings for his 20th victory as visiting Texas opened a two-game AL West lead.

Helling (20-7) allowed just two base runners over the first seven innings. He allowed just six balls out of the infield, while striking out five and walking none.

In the National League:
Expos 5, Mets 3 In New York, the Mets dropped back into a tie for the NL wild-card lead, blowing a three-run lead over the Expos on Orlando Cabrera's tie-breaking two-run single.

Cubs 5, Brewers 2 In Milwaukee, Sammy Sosa failed to close in on Mark McGwire in the home run race, holding at 63 — on Tuesday night. But he clubbed his 64th in the 5th inning on Wednesday against the Brewers.

Cardinals 4, Astros 0 Mark McGwire failed to add to his major league record 65 home runs, but Matt Morris recorded his first major league shutout as host St. Louis won its sixth in a row.

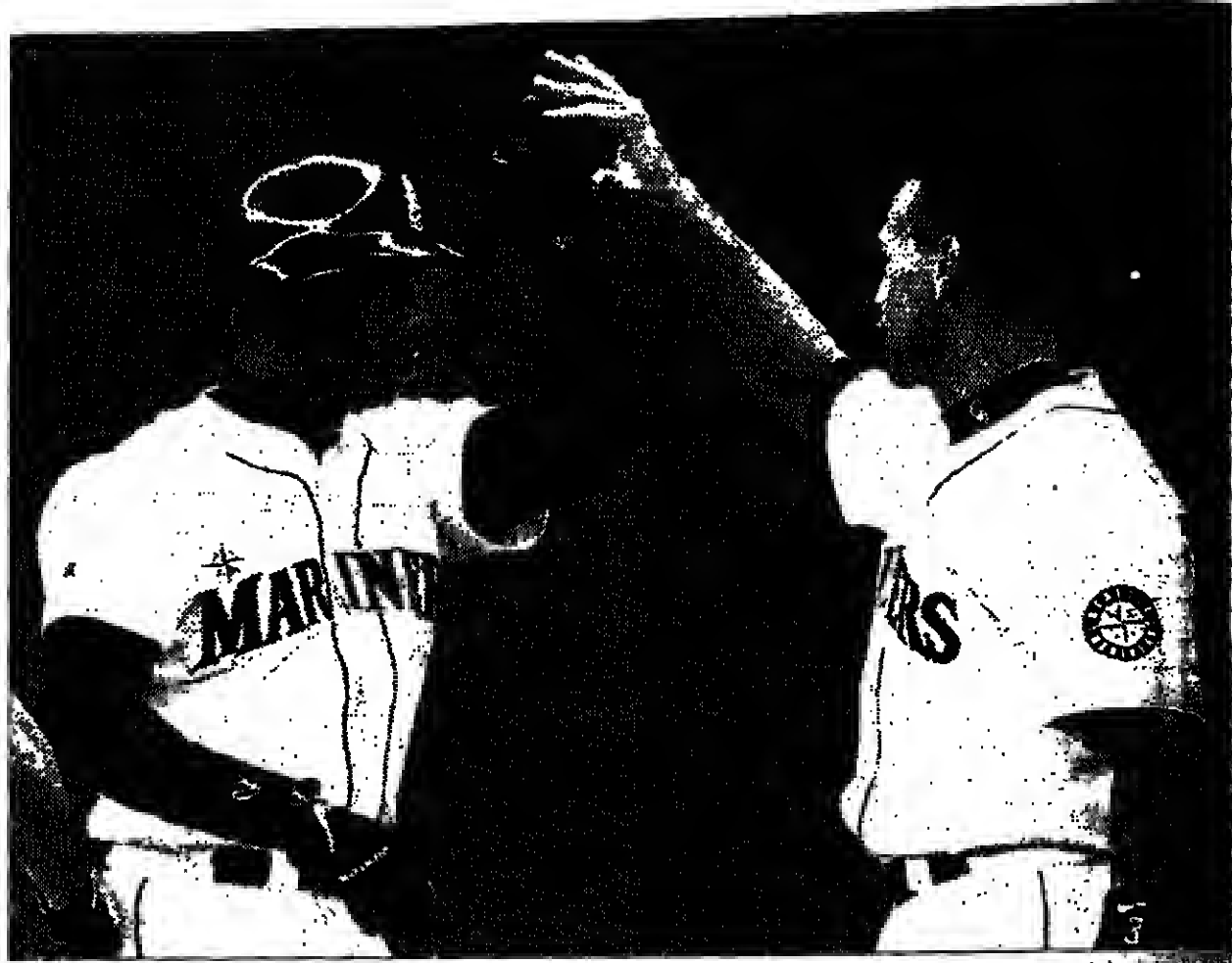
Braves 4, Marlins 1 Eddie Perez's solo home run gave the visiting Braves 208 homers this season, breaking a 32-year-old franchise record. Kevin Millwood (17-8) allowed one run and six hits in five innings. Kerry Ligtenberg pitched a perfect ninth and became the first NL rookie to collect 30 saves since St. Louis's Todd Worrell in 1986.

Diamondbacks 8, Rockies 6 In Denver, Colorado's Mike Lansing hit three home runs, but Arizona's Karim Garcia hit two of the Diamondbacks five home runs. Devo White, Kelly Stinnett and Travis Lee added homers for the Diamondbacks.

Phillies 10, Reds 8 Cincinnati's Todd Williams walked three batters in the top of the 11th inning to force in the go-ahead run for visiting Philadelphia.

Dodgers 3, Padres 2 In Los Angeles, Chan Ho Park scattered six hits in eight innings, and a rookie, Adrian Beltré, hit a three-run homer to lead the Dodgers.

Giants 14, Pirates 2 Barry Bonds homered, tripled and singled before leaving because of back spasms as host San Francisco kept its wild-card hopes alive. The Giants closed to within 2½ games of New York and Chicago, the co-leaders in the NL wild-card chase, with five games left.



Ken Griffey Jr. of the Mariners, left, getting a salute from teammate Alex Rodriguez after a home run in the 5th inning.

McGwire and Sosa, This Bud's for You

New York Times Service
MILWAUKEE — When the baseball commissioner's office was in New York, former commissioners from Ford Frick to Fay Vincent had lunch in their favorite fancy restaurants.

But on Tuesday, Bud Selig, the new commissioner, drove over to where he has had lunch for more than three decades: Gilles drive-in, the one with a neon "Frozen Custard" sign on the roof. The commissioner usually has a hot dog, but this time he ordered a grilled cheese sandwich with his usual Diet Coke.

Along with a cheeseburger and a lemonade for his visitor, the bill was \$5.63. Sitting in his black Lexus sedan, the commissioner was munching on his sandwich when several teenage boys, students at nearby Pope Pius XI High School, walked by. Several said hello and one had a question.

"Is Sosa going to hit a home run tonight?" the boys asked.

"The Brewers' pitching hasn't been too good lately," the commissioner said, knowing that Sosa had already hit 10 homers against the Brewers. Then he laughed. "I can say that now."

He can say that now because, after nearly three decades, he is the commissioner instead of the Brewers' owner and president.

More important, Selig is the commissioner just when all those home runs by Mark McGwire and Sammy Sosa have done for baseball after the 1994 World Series cancellation what all those home runs by Babe Ruth did for baseball after the 1919 Black Sox scandal.

"My father always told me that to be successful, you have to be lucky, too," Selig said. "And with McGwire and Sosa we've been lucky. Not just because of the home runs, but because of how they've handled all this with such class and dignity and graciousness."

Vantage Point/DAVE ANDERSON

Baseball would have been unlucky if, say, Albert Belle and Barry Bonds, both surly and snarling, were hitting all these homers.

McGwire and Sosa, the magnets for a projected average attendance of 2.4 million for each major league team this season, established what Selig called a "focus on the field" rather than on labor strife. It was that divineness that led to Selig's becoming the acting commissioner before the owners voted him the title July 9.

This generation lived through eight work stoppages in baseball, but the next generation can't have any stoppages," he said. "As heartbreaking as the cancellation of the 1994 World Series was, if we can avert that again in 2001, and I think we can, we will have learned a valuable lesson."

But can another labor dispute be averted? "I think it can. I have a lot of ideas I don't want to talk about yet," he said.

As the owner of the small-market Brewers, Selig solved one of the Milwaukee franchise's problems by potting together the financing for Miller Park, which will open in 2000 with a retractable roof and natural grass. As the acting commissioner, he had a reputation for quietly being able to persuade owners to solve bitter problems.

"John Fetzer, the Tigers' former owner, once told me, 'The best owners and commissioners are the ones you read about the least,'" Selig said.

Perhaps with that in mind, Selig tends to remain in Milwaukee, where he has lived all his life, where he grew up rooting for the minor league Braves before adopting the Braves when they moved here from Boston in 1953. He's still at his big job in the Brewers' tiny offices, but he'll soon move into a new commissioner's office on Wisconsin Avenue downtown.

"I'll be in New York half the time, too," he said, alluding to Major League Baseball's headquarters there.

But when the new commissioner goes to those midtown Manhattan restaurants where all the other commissioners had lunch, he won't be able to get by on \$3.63 for two.

Home Run Derby

Home run tally for baseball's leaders, Mark McGwire of the St. Louis Cardinals and Sammy Sosa of the Chicago Cubs.

Player	Home Runs
65 MARK MCGWIRE	65
64 SAMMY SOSA	64

Hit a two-run homer vs. the Brewers on Sunday.

Hit a homer vs. the Brewers on Wednesday.

CROSSWORD

ACROSS

1 See 28-Down
2 "Beak House" girl and others
3 "A Passage to India" doctor
4 Book of prophecies
5 Heart
6 Oliver's request
7 Garden annual
8 Spanish direction
9 Children's author Blyton
10 Newsmen's dramatic cry

DOWN

1 Gulf
2 Popular landscaping plant
3 New York's Place
4 Cozes
5 Kit who wrote "A Tale of Two Cities"
6 Hummel/illustrator Jon
7 Is circumspect
8 Player in a dome
9 Stow, as cargo
10 University town west of Cedar Rapids

11 Commercial
12 Colored part of a ball
13 British ending
14 Draconian
15 Cally part
16 Bowing stat
17 With 1-Across, star of Broadway's "The Women," 1936
18 Meat purchase
19 Cousin of "whoops!"
20 Comedian's stock
21 Ticked
22 Heracles' captive maiden
23 Play a round
24 —Ball (arcade game)
25 Bibliographical abbr.
26 "Easy Rider" title
27 Color appropriate for 7-Down
28 Like this puzzle
29 Syrian hub
30 In reserve
31 Pacific republic
32 Seagull spot
33 "Long time"

See our Friendship every Saturday in The Intermarket

Solution to Puzzle of Sept. 23

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SPORTS

Flo-Jo's Coach Says Initial Autopsy Could Not Determine Cause of Death

By Jere Longman
New York Times Service

NEW YORK — Authorities continued performing an autopsy to try to determine the cause of death of the 1988 Olympic sprint champion, Florence Griffith-Joyner, who did not wake from her sleep on Monday morning at her home in Mission Viejo, California.

Hector Rivera, a spokesman for the Orange County coroner's office, said that it was not uncommon for an autopsy to extend into a second day and that toxicology tests were routinely performed in a case of sudden or unknown death. The results of the autopsy may not be known for several days or several weeks, he said.

Bob Kersee, who coached Griffith-Joyner and was related to her by marriage, said at a news conference in Los Angeles on Tuesday that an initial autopsy did not determine the cause of death and that a more extensive autopsy was being performed.

Kersee also backed away from a

statement issued by a family spokesman on Monday that Griffith-Joyner was believed to have died from a heart seizure. "We have no idea why Florence left us," said Kersee, who is married to the track star Jackie Joyner-Kersey, whose brother, Al Joyner, was married to Griffith-Joyner.

Griffith-Joyner had suffered a seizure two years ago while on a flight from California to St. Louis, Kersee said, and was taken to Barnes Jewish Hospital in St. Louis, where she underwent several tests. The doctors could not find anything wrong, and Griffith-Joyner was released the next day, he said.

Todd Cooper, a hospital spokesman, confirmed that Griffith-Joyner had been treated, but added that "her stay here was not related to any cardiac event or problem." He said he had no further information about Griffith-Joyner's symptoms or treatment.

Kersee said that Griffith-Joyner had suffered from exercise-induced asthma and migraine headaches, but not from heart problems. She reported being a

"little tired" on Sunday night, he said, but added that "there were no signs whatsoever that Florence was ill." He called her death a shock.

Because the autopsy report has not yet been issued, and because there is only scant public knowledge of the medical history of Griffith-Joyner and her family, doctors not involved in the case cautioned that it was premature to draw any conclusions about the cause of her death. They stressed that she could have had heart disease that had no connection to her past as an athlete, or that she could have died from some other cause, such as an aneurysm.

Doctors also said that rhythmic abnormalities in her heart could have caused electrical problems that would not be evident upon autopsy.

"Thirty-eight years old is a premature death, but the fact that one is an athlete doesn't make an individual immune from all the other ailments that befall mankind," said Dr. Gary Wadler, an internist and sports medicine expert who is an associate professor at the New

York University School of Medicine. Sudden death affects 200,000 to 400,000 Americans each year, according to a 1994 study published in the Journal of the American College of Cardiology.

Studies of athletes who die of cardiovascular reasons during exercise have generally shown that younger athletes tend to die from structural problems of the heart, cardiologists said Tuesday. The most common cause is hypertrophic cardiomyopathy, a thickening or enlargement of the heart muscle. Older athletes who die during exercise are more likely to have coronary artery disease, such as a narrowing of the arteries, cardiologists said.

At 38, Griffith-Joyner was in the middle range between young and old. And she died during her sleep, not during exercise. However, the causes of sudden death for athletes who are not exercising are "not dissimilar" to the causes for athletes who die during exercise, said Dr. Steven Van Camp, a San Diego cardiologist who conducted a 10-

year study of exercise-related deaths among high school and college athletes.

"I would anticipate a structural abnormality would be found in the autopsy," Van Camp said of Griffith-Joyner, basing his opinion on early reports that heart problems were suspected in her death.

Dr. Paul Thompson, a cardiologist who is president of the American College of Sports Medicine and director of preventive cardiology at Hartford Hospital, said he thought that scarring would be found in Griffith-Joyner's heart muscle.

"The question is, where did she get it?" he said. "Was it from an old heart attack? A burned-out viral infection? Sometimes you never settle the question."

Because her record-setting performances at 100 and 200 meters were so stunning, Griffith-Joyner faced rumors and accusations from competitors that she had used such performance-enhancing drugs as steroids and human

growth hormone. But she did not fail any drug tests, she denied using drugs, and there is no evidence that she did.

Kersee dismissed such talk Tuesday, as jealousy on the part of other athletes. "In the sports world, unfortunately, athletes and organizations play the role of tarnishing people," he said.

Doctors cautioned that there is only theoretical evidence, not proof, that steroid use can increase the risk of heart disease by reducing the so-called good cholesterol, and by making an athlete more susceptible to plaque buildup and clotting in the arteries. In the absence of long-term studies, the evidence remains anecdotal and the scientific link remains tenuous, doctors stressed.

"I'm not convinced that anabolic steroids increase the risk of cardiac disease," Thompson said. The harmful effects of steroid use may be accentuated more in women than men, he said, but he added: "I think a connection to steroid use is impossible to prove. There are some theoretical connections, but the smoking gun is not there."



TENACITY IN TOKYO — Monica Seles volleying to Naoko Sawamatsu, whom she beat, 6-3, 3-6, 6-3, Wednesday in the 2d round of the Princess Cup.

Armstrong, From a Long Way Back, Cycles Near the Lead

By Samuel Abt
International Herald Tribune

PARIS — Lance Armstrong has a new philosophy — finish what you start and, he reports happily, it's working like a charm.

"Armstrong's the man of the year," says a longtime rival, Laurent Jalabert, the Frenchman who ranks first among the world's professional bicycle racers. After Armstrong finished sixth among 169 riders in a time trial 10 days ago, Jalabert added: "He's come back from so far down that you can't help admire him."

"I'm pleased so far," Armstrong said on the phone from Spain, where, somewhat to his surprise, he ranks ninth overall in an extremely demanding three-week Vuelta a Espana,

or Tour of Spain. It ends Sunday in Madrid, and he has a chance of moving into the top five if he gets through two difficult days in the mountains Thursday and Friday and has another strong race against the clock Saturday.

"I'm doing pretty good and I feel very good," he said.

"After two weeks of a big tour, I've never been top 10 before," he added. "I've never been in the front group in big climbs, so for me it's definitely a success."

The Texan, who turned 27 Friday, has come a long way in this comeback season from a year away from the sport while he was recuperating from testicular cancer that spread to his lungs and brain. After months of chemotherapy late in 1996, his cancer is in re-

mission and he feels fine.

"I wouldn't be here if I didn't," he said. His next checkpoint is scheduled in a few weeks, probably in Europe after his major goal of the season, the world championship road race in the Netherlands.

"He's been quite amazing," said Armstrong's director sport with the U.S. Postal Service team, Johnny Veliz. "He's better now than he was before he got sick. In this race, you've got to be one of the best climbers in the world. So if you're up there with them after two weeks of racing, it's because you're climbing very well yourself. It's amazing."

Armstrong brushed off speculation that he had planned to use the Vuelta as a training race for the world championship, dropping out

after two of the three weeks.

"I was always planning on doing the full three weeks," he insisted. "After I came back to Europe in July, that was the only goal I set for myself: to finish every race I entered."

He has, too, from a fourth place in the Tour of Holland to results back in the pack in the August one-day classics.

His new determination that he traced to the Paris-Nice race in March, where he dropped out on the first road stage after leading a long chase in cold and rainy weather. While Armstrong has not publicly explained his reasons for withdrawing and heading home to Austin, he did some soul-searching before he returned to Europe in June and won the Tour of Luxembourg and a minor race in Germany.

Citing the advice of his doctors, he did not compete in the Tour de France in July but continued training in the United States, where he won the Cascade Classic and rode a strong support race to help a teammate, George Hincapié, finish first in the U.S. professional championship.

"At Paris-Nice, I really felt that I left a quitter and I didn't like that feeling," Armstrong said from Spain. "So I said to myself I can't put any pressure on myself to perform, but I have to finish."

Armstrong has already signed a contract to race again next year for U.S. Postal Service. "I'm comfortable with this group," he said. "It doesn't have a lot of internal pressure." Otherwise, he is looking ahead only to his honeymoon, probably in the

Caribbean late in the fall, which was delayed by his race schedule after his marriage in May.

His remaining races before the season ends late in October include Paris-Tours, the Tour of Lombardy, and especially the world championship to the Netherlands on Oct. 11. The course, including 17 climbs of the tiring Cauberg hill, is considered to be tailored for strong riders.

"I've heard it's a good course for me," he said, "but I really don't know what's good for me or not. But I plan to be there and plan to finish."

"I've finished two world championships," he noted. "One of them I won and the other I was seventh. I'm always in the thick of it when I finish."

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MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE	W	L	Pct.	GB
East Division				
New York	109	48	.694	
Boston	89	68	.561	21
Toronto	85	73	.538	24 1/2
Baltimore	78	79	.497	31
Tampa Bay	70	90	.441	46
Central Division				
Cleveland	88	69	.561	
Chicago	80	80	.500	11
Kansas City	71	85	.453	16 1/2
Minnesota	66	91	.422	22
Detroit	63	95	.399	25 1/2
West Division				
Texas	85	72	.541	
Anaheim	83	74	.529	2
Seattle	74	82	.474	10 1/2
Oakland	71	85	.452	14
National League				
East Division				
Atlanta	102	56	.646	
New York	88	70	.557	14
Philadelphia	73	84	.465	20 1/2
Montreal	63	94	.401	30 1/2
Florida	59	100	.375	36 1/2
Central Division				
St. Louis	99	59	.627	
Chicago	80	79	.506	19
St. Louis	77	81	.488	22 1/2
Cincinnati	74	84	.465	25
San Francisco	72	85	.459	26 1/2
Pittsburgh	68	89	.439	29 1/2
West Division				
San Diego	62	98	.388	
San Francisco	56	104	.348	6 1/2
Los Angeles	55	105	.344	7 1/2
Colorado	45	115	.281	17 1/2
Arizona	35	125	.219	27 1/2

WORLD-WIDE RACES

AMERICAN LEAGUE	W	L	Pct.	GB
Boston	89	68	.561	
Toronto	85	73	.538	3 1/2
Tampa Bay	80	80	.500	6 1/2
Schedule				
Best of 5 — Home: Sept. 23, Tampa Bay; Sept. 24, 25, 26, Baltimore.				
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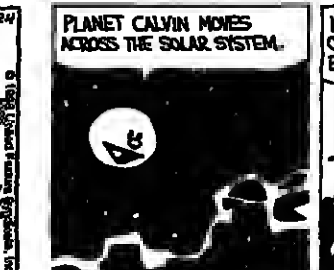
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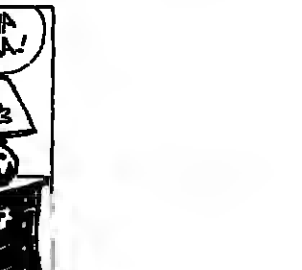
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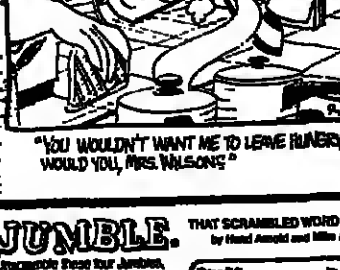
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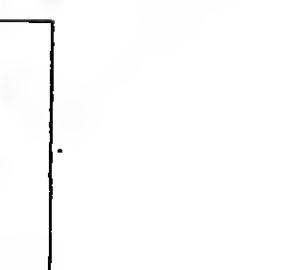
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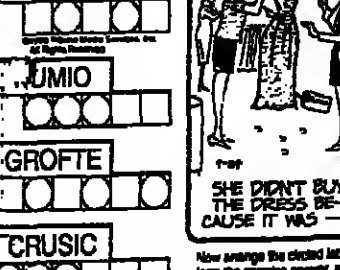
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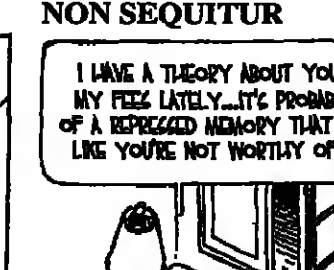
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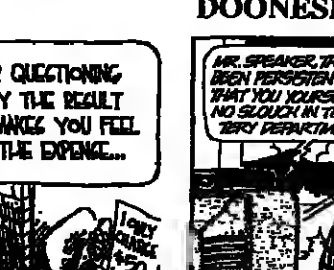
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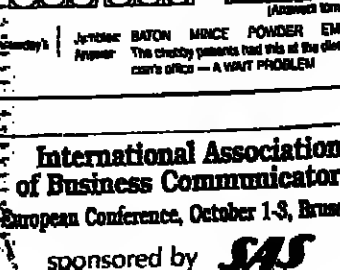
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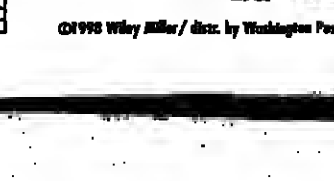
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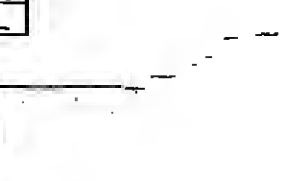
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ART BUCHWALD

Warning: Strong Stuff

NEW YORK — Readers are warned that this column contains strong language and sexual content.

I am sorry I had to do this, but I had no choice, as 656 witnesses have testified against me.

Let's take care of the gifts first. I did give Madonna several gifts, which she appreciated very much. Then when I felt that these gifts could get me in trouble, I told my secretary, "Mildred, get them back."



Buchwald

Madonna refused to give them back, especially the Black Dog T-shirt from Martha's Vineyard. Readers are warned that this part of the column has even stronger language and has sexual content that could destroy someone's chances of getting Social Security.

I have been asked many times for my definition of a sexual act. I can't speak for

myself, but I have two dogs that are involved in some form of it constantly. I never considered it a sexual act if a male nuzzles the female, but legally I don't consider it a crime if a female nuzzles the male. That's nothing more than horsing around. I once had an intern who worked for me — ah, why talk about her?

I want to make it as clear as possible: I've done nothing that any world leader — with the exception of Margaret Thatcher — wouldn't have done. This is a witch hunt, and I hope this column is the last we're going to hear about it.

Finally, I do not believe that plagiarism is the same as sex. Sex is a terrible thing, while plagiarism is something we all do if we get away with it.

Readers are warned that this column has not come to any conclusions. Each person must decide for himself whether young interns should be allowed to play in the White House sandbox while the president is in residence.

Rimbaud Manuscript to Be Sold

Agence France-Press

PARIS — The manuscript of Arthur Rimbaud's "Une Saison en Enfer," which had been thought lost, will be auctioned off in November, the newspaper Le Figaro reported Wednesday.

The paper said that the original of the poem, completed in 1873, had sat on a collector's bookshelf since 1950. The collector, Jacques Guerin, said he had come across the manuscript in a London bookshop in 1938. "It was just sheets of paper, dirty, torn, worm-eaten," he said, and he had been unable to afford the "exorbitant" price demanded. Then, in 1950, he acquired the "treasure" from another dealer. Since then, it had never moved from his library and it had been shown to no one, he said.

Rimbaud, an enfant terrible of French literature, was thought to have given up writing poetry after "Une Saison en Enfer" (A Season in Hell), a confessional work in which he renounced his past life.

Ten other Rimbaud manuscripts that were in Guerin's possession will also be auctioned.

Dark Balkan Comedy and Black-Sheep Directors

By Joan Dupont
International Herald Tribune

TORONTO — They still call their country Yugoslavia, and make dark comedies about Belgrade, their city. Goran Paskaljevic's "The Powder Keg" and Srdjan Dragojevic's "The Wounds," set in a country in ruins, both focus on the internal decay that festers in the Serbian capital.

The directors are years apart and from different schools of filmmaking: Paskaljevic has made 15 films and is known as a master; Dragojevic burst on the scene in 1996 with "Pretty Village, Pretty Flames," an incendiary antiwar movie. Viewed with suspicion by the regime, they turn up at festivals, urban guerrillas on the run.

"I'm in clear opposition to the regime, and to the opposition too," said Paskaljevic, 51, who lives in Paris and films in Belgrade. "Five years of embargo didn't touch the power elite, but it hurt the people — we need to open to the world; instead we're shut off. I thought it was time to tell the story from the Serbian side."

"The Powder Keg" received a standing ovation at the Venice film festival, where it won the International Critics Prize; at the Toronto festival, the film evoked fervent applause from a young audience that included immigrants from the former Yugoslavia. But at home Paskaljevic is known as the regime's black sheep and, mysteriously, government funding never came through.

Dragojevic's "The Wounds" — which he compares to Stanley Kubrick's "A Clockwork Orange" as a similar treatment of delinquents out of control — has suffered similar treatment: The movie outstripped "Titanic" in Yugoslavia in its first week of release; then the regime tried to snuff it out by banning television advertising. "I'm scared, not for my life but for my career, which is the same," said Dragojevic, who is 36. "I'm a little depressed, and thinking of emigrating. I finished a period of my life."

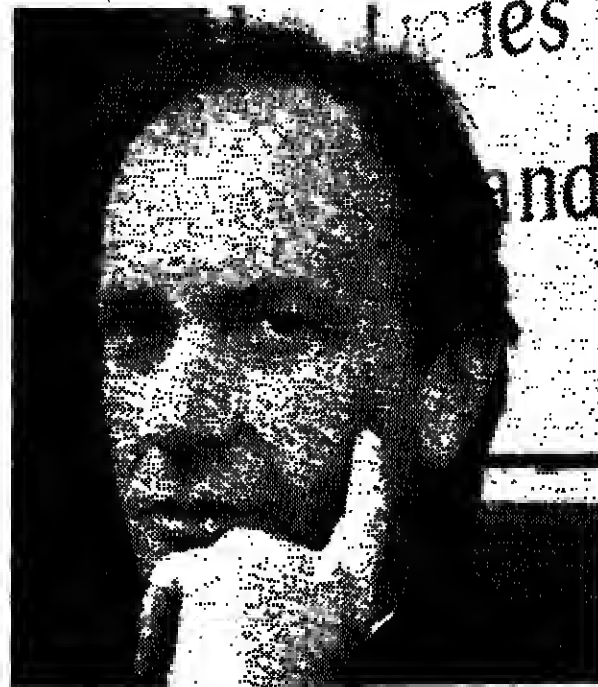
Paskaljevic adapted "The Powder Keg" from a play by the Macedonian playwright Dejan Dukovski. The movie, a mosaic vision of Belgrade today and a devastating critique, involves louche and pathetic characters who meet by night — refugees from Bosnia-Herzegovina, cab drivers, smugglers, budding delinquents. "They are caught up in a spiral of Balkan madness," Paskaljevic said, "but they haven't lost their sense of humor."

The director shot the whole film at night during nine weeks, "because I think that night has fallen on my country."

"When you make film in Yugoslavia, state TV always provides 15 percent of the budget. But suddenly, the money didn't come through; nobody explained and I'll never know why. Without [the French pay-television channel] Canal Plus and my French producer, we didn't have a movie."

The director's mother is Serbian, his father half-Greek, from Thessaloniki. "The film will open the Thessaloniki festival this fall, and it will be the first Serbian movie released in Sarajevo. It's a Balkan movie, a Balkan cabaret."

Paskaljevic, married now to a French woman, in his third marriage, and with children in Belgrade from a former marriage, moves back and forth. "I demonstrated on the



Goran Paskaljevic, left, and Srdjan Dragojevic have made films that aim to depict the decay of Belgrade.

streets for justice and tolerance, but there's been nothing but more corruption. I blame my generation; we're all guilty. In our macho society, children suffer and women suffer. If women said no to war, there would be no war. Men have more vanity — that's how the war started."

He does not have a good relationship with Emir Kusturica, the prize-winning Bosnian director who also lives in Paris. "We don't like each other. He's more baroque in his style, but he's honest in what he's doing. I don't care about competing because filmmaking is not a sport."

Like Kusturica, Paskaljevic attended Prague's FAMU film school. "I've stayed faithful to what I've always done — neo-realism, filming simple people. The first film that touched me was 'The Bicycle Thief,' and even though 'The Powder Keg' has a complicated structure, I stay close to the faces."

The Taviani brothers, the Italian directors, were at Toronto, and after the screening, Paolo Taviani addressed the director from the audience. Paskaljevic said, "He said, 'Your film is full of violence, humor and pain, but through this pain you get to humanity. The movie made me understand the Serbians much more than any newspaper article.'"

Paskaljevic thinks Dragojevic's "The Wounds" is a courageous film. "He made a personal film, a very political film, nearly a pamphlet; he's very talented. He's been accused of betraying the Serbians; others say he made an apology — when you touch a theme that's so hot, you get burned."

Dragojevic's films have always performed well at home — "Pretty Village, Pretty Flames" sold 700,000 tickets — and he was surprised by the sudden ban on TV advertising.

"They didn't ban the movie, but they interfered with promotion. We tried to combat them by organizing premieres in the provinces, creating events. And the movie will have another life on black market video." But he knows that his real troubles have just begun and that he may never be able to make another film in Yugoslavia.

"The Wounds" is based on a true story about two teen criminals who started as friends and turned on each other. One boy shoots the other four times and his victim survives for a terrible moment of reckoning. "He gets to shoot his friend back and make four identical wounds. This is a story about a war away from the front lines, about the moral values. In my day, we went to university. If I were 16 now, I wouldn't be a director, I'd be a criminal."

Before film, Dragojevic studied psychology, practiced as a transactional analyst, and published three books of poetry. "In 'The Wounds,' I use my experience as a psychoanalyst to throw the spectator off balance, to make him uncomfortable. One minute, you laugh, the next you're ashamed."

He chafes at being hemmed in by the regime and feels misunderstood abroad. He says that Venice rejected both "Pretty Village" and "The Wounds." "They think my films are pro-fascist. We live in a ghetto: We get no funding from the European Community, we count on foreign support and investors like Studio Canal Plus. I know my movies don't look like mainstream European movies," he added, "but I can only make my own kind of films — I have to use humor, innovate, shock."

PEOPLE



STAGE AND SCREEN — Tom Cruise and his wife, the actress Nicole Kidman, leaving the Donmar Warehouse theater in London, where Kidman made her stage debut in David Hare's "The Blue Room."

THE curtain went up this week on an off-Broadway play about a gay Christlike figure that has infuriated religious groups. Several members of the Franciscan Friars of the Renewal — who wore gray robes and sandals, some carrying crosses — held a prayer vigil outside the Manhattan Theater Club as Terrence McNally's "Corpus Christi" debuted to a full house. About 100 people protested, with some carrying placards saying "Why Mock Jesus Christ?" and "Don't Support Blasphemy." A spokesman for the play refused to discuss the script, saying McNally preferred to let "Corpus Christi" speak for itself.

Manila is considering a ban on movies featuring Claire Danes because of remarks she made about the city to U.S. magazines. Kim Atienza, a city councilor and son of Manila's mayor, said councilors had dismissed comments she made in Vogue magazine in April describing Manila as a "ghastly and weird city" as "more irresponsible statements of youth." But he said the actress went

"overboard" in a recent interview with Premiere magazine by saying Manila "smelled of cockroaches, with rats all over and that there is no sewerage system and the people do not have anything — no arms, no legs, no eyes."

Jim Carrey suffered a minor neck injury while filming his movie about the life of the late comedian Andy Kaufman. Carrey and the professional wrest-

ler Jerry Lawler were filming the last scene of the movie in Los Angeles, when, as part of the script, the comedian spit at the wrestler, according to Eric Gold, Carrey's manager. Lawler then allegedly attacked. "Jim was immersed in the role as Andy, played it as Andy would have," Gold said. Carrey was treated at a hospital and released.

A London-based television producer

Charles I's Shirt Is Deemed an Impostor

Agence France-Press

LONDON — The shirt that was supposedly worn by Charles I of England to keep him warm as he awaited death on the scaffold 350 years ago is no longer thought to be authentic.

Experts at the costume department of the Victoria & Albert Museum examined the shirt, a prized exhibit at Windsor Castle, and told The Daily Telegraph on Wednesday that the garment was in fact a woman's nightgown.

The experts made their discovery eight years ago, when they were called in to authenticate the exhibit, but the curators of the Royal Collection decided to keep it a secret. Queen Elizabeth II, who is said to enjoy showing guests the shirt after dinner, had not been told about the experts' determination.

is suing the model and actress Cindy Crawford, claiming he has at least partial rights to "Sex With Cindy Crawford," an ABC special. The program was a discussion of American sexual attitudes, habits and knowledge. The producer, Peter Stuart, says Crawford breached a joint-venture agreement she had with him and his Rapido Television company when she contracted with ABC to do the show without Stuart.

The Duchess of York led a small group of mourners at a private burial service in Argentina for her mother, Susan Barrantes, who died in a weekend car crash. The rites were conducted at El Pucara, the country estate where Barrantes was buried alongside her husband, not far from the grounds where they once raised polo ponies. "There were literally about 20 people there, just family and very close friends. The service was conducted by the local priest," the duchess's spokeswoman said. She said a memorial service would be held on Thursday evening or Friday morning in Buenos Aires.



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In Videotape,
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Blasts Mahathir
For Corruption
By Thomas L. Friedman
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The dramatic exchange came as Mr. An-
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